



Health Care Reform

April 9, 2010

Proven *EXPERIENCE* of Yesterday

Creative *SOLUTIONS* for Today

Innovative *VISION* for Tomorrow



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Introduction

- March 23, 2010 - President Obama signed into law the Patient Protection and Affordable Care Act
- March 30, 2010, he signed a companion bill, the Health Care and Education Reconciliation Act of 2010
- Taken together, these two acts constitute what is commonly referred to as “Health Care Reform” (collectively, the “Health Care Act”)



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Key Provisions & Effective Dates

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Implementation/Effective Dates

March 23, 2010:

- Immediate Access to Insurance for Uninsured Individuals with Pre-Existing Conditions
- Small Business Tax Credit

June 21, 2010:

- Reinsurance Program for Early Retirees (55-64)



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Implementation/Effective Dates

Plan years beginning on or after September 30, 2010:

- Eliminate Pre-Existing Condition Exclusion for Children
- Eliminate Lifetime Limits and Restricts Use of Annual Limits
- Covering Preventive Health Services First Dollar
- Expands Dependent Coverage to Age 26
- Rebates for Medicare Part D “Donut Hole” - \$250 Rebate
- Medicaid Eligibility Expands to Cover Parents and Childless Adults up to 133% of FPL
- Medical Loss Ratios – Minimum Standards
80% Small Groups/ 85% Large Groups



Implementation/Effective Dates

Effective in 2011

- Employers are required to report plan value on W2 statements
- Standardize definition of medical expenses (from IRS 213 D) – No OTC drugs expenses from FSA, HRA and HSA
- HSA nonqualified withdrawals – penalty increases from 10% to 20%
- Discount Brand Drugs in the Medicare Part D “Donut Hole”
- Reduction in Medicare Advantage reimbursements
- Means-based Medicare Part D Premiums – Increase for higher income retirees
- Cafeteria Plan Changes – Creates a Simple Cafeteria Plan
- Voluntary Long-Term Care Program



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Implementation/Effective Dates

Effective No Later than March 23, 2012

- 4 - page benefits summary that accurately describes the coverage under the plan must be distributed to all applicants and participants prior to an annual enrollment.



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Implementation/Effective Dates

Effective in 2013

- Limits Health Flexible Savings Account Contributions to \$2,500 per year (indexed by CPI for subsequent years)
- Eliminates deduction for employer Medicare Part D subsidy
- Increases threshold for claiming itemized deduction for medical expenses
- Additional hospital tax for high wage workers 0.9 percentage points on an individual taxpayer earning over \$200,000(\$250,000 for joint)



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Implementation/Effective Dates

Plan Years Beginning on or After January 1, 2014:

- Individual and employer coverage mandates or pay penalty
- Individuals required to obtain coverage or pay a penalty
- Small business tax credit expanded
- Employers must offer vouchers to employees under 400% FPL with contributions between 8% to 9.8% of household AGI



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Implementation/Effective Dates

Plan Years Beginning on or After January 1, 2014:

- State-based exchanges for individuals and small groups (states can make available for large employers in 2017)
- Employer penalty for opt-outs electing coverage through the exchange
 - No coverage offered - \$2,000 annually for each full-time employee (as long as one employee is receiving tax credit)
 - Coverage offered - \$3,000 for each employee receiving tax credit



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Implementation/Effective Dates

Plan Years Beginning on or After January 1, 2014:

- Employer reporting requirements to both employees and Secretary of HHS
- Pre-existing conditions for all enrollees eliminated
- Annual limits prohibited for essential benefits
- Auto enrollment required with employee opt out option for 200+
- Penalty for waiting periods over 30 days. Waiting periods over 90 days eliminated



Implementation/Effective Dates

Plan Years Beginning on or After January 1, 2014:

- Maximum Out-of-Pocket limit for all plans should not exceed HSA limits
- Medicaid eligibility will increase to 133% of FPL for all non-elderly individuals.
- Wellness incentive maximum increases from 20% to 30%
- Guaranteed Issue and Community Rating 3 to 1 ratio maximum

Effective in 2018

- Excise tax on high cost employer-provided health plans (Cadillac Plans)

Maryland Health Insurance Exchange



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- Maryland lawmakers received a study on February 3, 2010 regarding the establishment of a health insurance exchange in MD
- The report evaluates the possibility of setting up an exchange in Maryland
- The report begins with a detailed description of the non-group and small group markets in Massachusetts before reform
- The report discusses health reform in the state & the establishment of the Connector and its early role in health reform
- The report evaluates the non-group and small group markets in Maryland, especially the significant role played by intermediaries

Maryland Health Insurance Exchange



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Authors of “A Health Insurance Exchange for Maryland?”:

Jonathan Gruber -

- Professor of Economics at Massachusetts Institute of Technology since 1992
- Director of Health Care Program at the National Bureau of Economic Research
- Co-editor of the Journal of Public Economics, and an Associate Editor of the Journal of Health Economics
- Received a B.S. in Economics from MIT and a Ph.D. in economics from Harvard



Maryland Health Insurance Exchange

Jonathan Gruber (Continued) –

- Received an Alfred P. Sloan Foundation Award for Best Paper in Health Economics in 1994
- One of the 15 scientists nationwide who received the Presidential Faculty Fellow Award from the National Science Foundation in 1995
- Published more than 125 research articles, edited 6 research volumes and is the author of Public Finance and Public Policy
- **Key architect of Massachusetts' health reform effort**
- 2006 became a member of the Health Connector Board
- 2008 was a consultant to Clinton, Edwards, and Obama Presidential campaigns



Maryland Health Insurance Exchange

Bob Carey –

- Principal of RL Carey Consulting – a health and welfare benefits consultancy that specializes in health insurance reform in both the public and private markets
- **Previously was the director of planning and development for the Commonwealth Health Insurance Connector Authority**
- Worked closely with the executive director and the board of the Health Connector to implement new health insurance programs
- Served for several years as the director of policy and program management for the Massachusetts Group Insurance Commission
- Received an M.S. degree in public policy and management with a concentration in economics from Carnegie Mellon University and a B.A. in English from the University of Maine at Fort Kent.

Maryland Health Insurance Exchange



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- Intermediaries in Maryland would play a role much like the Connector and/or sub-connectors in Massachusetts
- Should make transition in Maryland much less onerous
- There are a number of important policy issues which must be addressed before moving to an exchange environment in Maryland

Maryland Health Insurance Exchange



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KEY ISSUES TO CONSIDER:

- Do Marylanders intermediaries have the infrastructure and capabilities to help organize and structure the market?
- Is there a central point of access for consumers to compare health plans from multiple health carriers and purchase health insurance?
- Is the market organized to allow consumers the ability to compare health plans of relatively equivalent value and make informed choices regarding the purchase of health insurance?
- If there isn't a way for consumers to compare plans of equal value, how might this be accomplished?

Maryland Health Insurance Exchange



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KEY ISSUES TO CONSIDER (continued):

- What role, if any, might state government play in promoting greater organization and structure in the market?
- Is the market sufficiently transparent and competitive?
- What role, if any, might state government play in promoting a more transparent and competitive health insurance market?
- Can intermediaries administer public subsidies to help lower-income individuals purchase commercial insurance in the non-group and/or small group markets?



Maryland General Assembly House Bills

- HB 19 & HB 30 – Coverage of In-Vitro Fertilization Services
- HB 32 – Small Group Market – Cap on Comprehensive Standard Health Benefit Plan
- HB 41 – Copayments for In-Vitro Fertilization Procedures & Surgical Treatment of Morbid Obesity
- HB 147 – Assignment of Benefits and Reimbursement of Non-preferred Providers
- HB 182 – Coverage for Breast Screening
- HB 198 – Habilitative Services – Required Coverage
- HB 274 – Benefit Cards – Copayments
- HB 416 – Definition of Bone Fide Wellness Program
- HB 478 – Prescription Drugs – Cost Sharing Obligations
- HB 585 – Mandated Benefits – Dental Implants
- HB 594 – Assignment of Benefits
- HB 603 – Health Care Freedom Act of 2010
- HB 767 – MD Health Security Act of 2010
- HB 803 – High Deductible Plans & Limited Benefit Plans for Uninsured Individuals
- HB 814 – Individual Health Benefit Plans – Frequency of Premium Increases
- HB 878 – Annual Preventive Care
- HB 1015 – Purchasing Out of State
- HB 1017 – Child Wellness Benefits
- HB 1027 – Gender Equality Health Coverage Act
- HB 1075 - Payments for Non-participating Health Care Providers
- HB 1091 – Coverage of Autism Spectrum Disorders
- HB 1127 – Coverage for Treatment of Bleeding Disorders
- HB 1423 – Small Group Market Health Insurance – Renewal Notice
- HB 1468 – Non-participating Providers – Disclosure of Status & Charges
- HB 1524 – Ambulance Service Providers – Direct Reimbursement
- HB 1557 – Coverage of Spinal Muscular Atrophy
- HB 1563 – Maryland’s Health Insurance Freedom Act



Maryland General Assembly Senate Bills

- SB 57 – Mental Health Benefits – Group Health Plans
- SB 181 – Child Dependents – Qualifying Age Limit
- SB 313 – Annual Preventative Care
- SB 314 – Assignment of Benefits & Reimbursement of Non-Preferred Providers
- SB 397 – Health Care Freedom Act of 2010
- SB 445 – Habilitative Services – Required Coverage
- SB 663 – Prescription Drugs – Cost Sharing Obligations
- SB 682 – MD Health System Act of 2010
- SB 700 – Child Wellness Benefits
- SB 756 - Assignment of Benefits
- SB 908 - Coverage for Treatment of Bleeding Disorders
- SB 1028 - Coverage of Autism Spectrum Disorders
- SB 1031 - Surgical Treatment of Morbid Obesity
- SB 1071 - Definition of Bone Fide Wellness Program
- SB 1074 - Non-participating Providers – Disclosure of Status & Charges



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Questions??

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