



Latest on Health Reform

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The House of Representatives passed the Senate Health Care bill along with a Reconciliation bill to make changes to the Senate bill. A comparison of these bills is attached. Although the Senate bill approved Sunday by the House would become law with President Barack Obama's signature, Senate action is needed to pass a separate measure the House approved that would amend that law. It has been reported that the President plans to sign the Senate bill tomorrow.

The Senate must vote on the Reconciliation bill. The exact timeframe for that has not been determined. There will most likely be debate around certain points and their eligibility to be part of a reconciliation bill. Several states, including Florida, are planning to file legal action as to the states' rights to govern health insurance, as well.

The big changes in the law – the ones that could affect tens of millions of people – don't kick in until at least 2014. Those include insurance marketplaces called "exchanges"; rules requiring insurers to accept all applicants, even those with health problems, and an expansion of state Medicaid programs. However, there are several measures that would take effect in 2010. Some of the items that go into effect in the first year include:

New help for some uninsured: People with a medical condition that has left them uninsurable may be able to enroll in a new federally subsidized insurance program that is to be established within 90 days. The legislation appropriates \$5 billion for this, although that may not be enough to cover all who apply; it's not clear how much consumers would pay as their share of the cost. About 200,000 people are covered in similar state programs currently, at an estimated cost of \$1 billion a year, says Karen Pollitz, a research professor at Georgetown University.

Discounts and free care in Medicare: The approximately 4 million Medicare beneficiaries who hit the so-called "doughnut hole" in the program's drug plan will get a \$250 rebate this year. Next year, their cost of drugs in the coverage gap will go down by 50 percent. Preventive care, such as some types of cancer screening, will be free of co-payments or deductibles starting this year.

Coverage of kids: Parents will be allowed to keep their children on their health insurance plan until age 26, unless the child is eligible for coverage through a job. Insurance plans

cannot exclude pre-existing medical conditions from coverage for children under age 19, although insurers could still reject those children outright for coverage in the individual market until 2014.

Tax credits for businesses: Businesses with fewer than 25 employees and average wages of less than \$50,000 could qualify for a tax credit of up to 35 percent of the cost of their premiums.

Changes to insurance: All existing insurance plans will be barred from imposing lifetime caps on coverage. Restrictions will also be placed on annual limits on coverage. Insurers can no longer cancel insurance retroactively for things other than outright fraud.

Government oversight: Insurers must report how much they spend on medical care versus administrative costs, a step that later will be followed by tighter government review of premium increases.

We are receiving and reviewing information from several sources and plan on conducting a webinar in mid-April to review all the ramifications to our clients and their employees.