

# Federal Bill HR 3590

What happens when and who will  
be affected.

# What is being done

- House and Senate members are trying to “repeal and replace”
- Several states have filed suit to challenge the constitutionality of the bill. The claim is that the federal government has overstepped its authority in mandating individuals to buy health insurance.
- If the Senate and House are taken back by the Republicans in November, there is a chance that they could change the bill.

# 2010

- **State & Federal officials will review premium increases (not self-funded)**
- **Grant program for small employers providing wellness programs.**
- Temporary high-risk pools (\$5 billion for each of 3.5 years).
- **\$2.3 Billion annual fee on Pharmaceutical companies based on sales as of 12/31/09**
- Impose a 10% tax on tanning salons (7/1/10)
- Medicare cuts to inpatient psych hospitals (7/1/10)
- **Eliminates lifetime max on health plans (9/23/10)**

# 2010

- Prohibits non-group cancellations of coverage plan years 9/23/10
- **Requires plans to cover, at no charge, most preventative care plan years 9/23/10**
- Allows dependents to stay of parents plans until age 26, 9/23/10
- Eliminated pre-ex for children 9/23/10
- Hospital in ND, MT, WY, SD & UT receive higher Medicare payments 7/1/10

# 2010

- Hospitals in “low cost” area receive higher Medicare payments for 2 years 7/1/10
- Brand name medications rebate goes from 15.1% to 23.1%.
- Medicare payments to providers in rural areas increase (2 years)
- **Tax Credits for small employers (up to 50% of premiums for 2 years).**

# 2010

- Beginning no later than July 1, 2010, requires the states and the secretary of DHHS to develop information portal options for state residents to obtain information on sources of affordable coverage, including an internet site. Information must include Medicaid, CHIP, high risk pools.

# 2011

- Medicare Advantage Cuts begin
- **Use of FSA, HSA, HRA, MSA dollars for over the counter medicines eliminated.**
- **Annual fees on insurance companies \$2 billion**
- Small employers (>100 EEs,) called Simple FSA
- Medicare cuts home health
- **Seniors earning \$85/\$176k pay higher premium for Part B & D premiums**

# 2011

- **Medicare cuts to MRIs, CT scans, etc.**
- **Medicare cuts to ambulance services, ASCs, diagnostic labs, and durable medical equipment.**
- **\$2 billion annual fee on medical device manufacturing sector**
- **Employer reporting of W2 value of health benefits.**

# 2011

- **Americans start paying premiums for federal long-term care insurance (CLASS Act).**
- Employers must enroll for EE or the EE must opt out.
- **Health plan must spend 80% of premiums on claims.**
- Providers in “frontier states” (ND, MT, WY, SD & UT) receive higher Medicare reimbursement.

# 2011

- Prohibits Medicare from making payments to new physician owned hospitals.
- **Penalties for HSA and MSA go up to 20%**
- Seniors must rent power wheelchairs for 13 months before they purchase.
- **Drugs companies must provide a 50% discount in the part D “donut hole”.**
- 10% Medicare bonus to primary care and general surgery (5 years)

# 2011

- Additional funding for community health centers. (5 years)
- **Seniors who hit the “donut hole” (3/15/11) receive a \$250 check.**
- Medicare cuts to long term care hospitals (7/1/11)
- Additional Medicare cuts to hospitals, nursing homes and inpatient rehab 7/1/11

# 2011

- **New tax of \$2 per enrollee on all private health insurance policies (including self funded) to pay for comparative effectiveness research 7/1/11**

# 2012

- **Medicare cuts to dialysis treatment begin**
- Medicare to reduce spending by using HMO like coordinated care model (Accountable Care Organizations)
- MedAdvantage plans with a 4 or 5 star rating receive a quality bonus.
- **New Medicare cuts to inpatient psych hospitals (7/1/12)**

# 2012

- Hospital pay-for-quality program begins 7/1/12
- **Medicare cuts to hospitals with high readmission rates begin 7/1/12**
- **Medicare cuts to hospice begins 7/1/12**

# 2013

- **Medicare wage tax increases to 3.8% on investment income including annuities for those earning over \$200/\$250k (not indexed to inflation.)**
- **Increase the threshold for medical expenses as a % of income from 7.5% to 10%.**
- **Impose a 2.3% excise tax on medical devices**
- Medicare cuts to hospitals who treat low-income seniors begin

# 2013

- Post-acute pay for quality reporting begins
- CO-OP program, secretary awards loans and grants for establishing nonprofit health insurers
- **\$500,000 deduction cap on insurance company employees and officers**
- **Part D “donut hole” reductions begins, reaching 25% by 2020**

# 2014

- **Individuals without government-approved coverage are subject to a tax of the greater of \$695 or 2.5% of income**
- **Employers who fail to offer “affordable” coverage must pay a \$3,000 penalty for every employee who received a fed subsidy through the exchange. (less than 8% of gross pay)**
- **Employers who do not offer health plans pay a \$2,000 penalty.**

# 2014

- More Medicare cuts to home health care.
- **States must establish Exchanges.**
- State must cover parents/childless adults up to 133% of FPL
- Tax credits available for Exchange based coverage up to 400% of FPL
- **Pre-Ex eliminated**
- **Modified community rating 3:1 for age 1.5:1 smoking**

# 2014

- **Impose tax on all private health insurance plans \$8 billion in 2014, \$11.3 B in 2015 and 2016, \$13.9 B in 2017, \$14.3 B in 2018, indexed to cost of medical cost based of firms share of market in 2013.**
- **Medicare payment cuts for hospital-acquired infections 7/1/2014**

# 2016

- State can form interstate insurance compacts  
in approved by HHS

# 2017

- Physicians pay-for-quality program begins
- Large employers and multi-state employers can now purchase insurance in the exchanges
- State may apply to the HHS secretary for limited waiver from certain fed requirements

# 2018

- **Cadillac tax starts on high cost plan, 40% tax on benefit value above a certain threshold (\$10,200 individual \$27,500 family)**