



## » What's in There? An Ask-the-Experts Overview of the Health Reform Law

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Friday, April 16, 2010

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 are now law. Whether you favored or opposed their enactment, a full understanding of the new laws is essential to further discussion of reform issues, including how implementation will be approached.

To answer your questions about the major provisions of these two laws, the Alliance for Health Reform and The Commonwealth Fund assembled a panel of well-qualified experts. Guiding us through the legislation at an April 16 luncheon briefing were: **Neera Tanden** of the Center for American Progress; **Dean Rosen** of Mehlman Vogel Castagnetti, Inc; and **Sara Collins** of The Commonwealth Fund. **Karen Davis** of Commonwealth and **Ed Howard** of the Alliance co-moderated.






A detailed [timeline](#) with implementation dates constructed by Commonwealth helped set the context for the discussion.

This was the **first** in our current series of events exploring the new health reform law.

Other events in the series:

- April 16: What's in There? Ask the Experts**
- April 23: The New Health Reform Law and Medicaid
- April 30: The New Health Reform Law and Private Insurance
- May 7: The New Health Reform Law and Medicare

### Speakers

-  **Ed Howard**, [Alliance for Health Reform](#), Moderator
  -  **Karen Davis**, [The Commonwealth Fund](#), Moderator
  -  **Sara Collins**, [The Commonwealth Fund](#), Speaker
  -  **Dean Rosen**, [Mehlman Vogel Castagnetti, Inc.](#), Speaker
  -  **Neera Tanden**, [Center for American Progress](#), Speaker
- (Click on the camera icon to see a video of the speaker's presentation.)

### Event Summary and/or Webcast and Podcast

Full Webcast/Podcast: [What's in There? An Ask-the-Experts Overview of the Health Reform Law](#)  
*The full webcast and podcast for this briefing, as well as videos of individual speakers' presentations, are provided by [Kaiser Family Foundation](#).*

### Speaker Presentations

- [Dean Rosen Presentation](#) (PowerPoint), 4/16/2010
- [Karen Davis Presentation](#) (PowerPoint), 4/16/2010
- [Sara Collins Presentation](#) (PowerPoint), 4/16/2010

### Source Materials

- [Agenda](#) (Word Document), , 4/15/2010
- [Source List](#) (Word Document), , 4/15/2010
- [Speaker Biographies](#) (Word Document), , 4/15/2010
- [The End of the Beginning: A Closer Look at the Impact of the New Health Reform Law and the Road Ahead to Implement It](#) (Adobe Acrobat PDF), Mehlman Vogel Castagnetti Inc., 3/26/2010

### Offsite Materials (briefing documents saved on other websites)

[Timeline for Health Care Reform Implementation: System and Delivery Reform Provisions](#), The Commonwealth Fund, 4/1/2010

[Timeline for Health Care Reform Implementation: Revenue Provisions](#), , 4/1/2010

[Timeline for Health Care Reform Implementation: Health Insurance Provisions](#), The Commonwealth Fund, 4/1/2010

[The Commonwealth Fund Blog: A New Era in American Health Care](#), The Commonwealth Fund, 3/22/2010

- *Karen Davis and Sara Collins*

[Health Care Opinion Leaders' Views on Health Reform, Implementation, and Post-Reform Principles](#), The Commonwealth Fund, 11/1/2009

- *Kristof Stremikis, Karen Davis and Rachel Nuzum*

[Another Round of Health Reform Is on the Way](#), The Commonwealth Fund, 4/5/2010

- *Micheal Leavitt*

[First and Ten](#), The Commonwealth Fund, 4/5/2010

- *Tom Daschle*

[The War Isn't Over](#), NEJM, 3/24/2010

- *Henry Aaron and Robert Reischauer*

[Health Insurance Exchanges in Health Care Reform: Legal and Policy Issues](#), The Commonwealth Fund, 12/1/2009

- *Timothy Jost*

[How you'd Shop for Insurance after Health-Care Reform](#), Consumer Reports, 2/26/2010

- *Kevin McCarthy*

[Will health care reform raise my taxes?](#), Consumer Reports, 2/23/2010

- *Kevin McCarthy*

[How Health Reform Legislation Will Affect Medicare Beneficiaries](#), The Commonwealth Fund, 3/1/2010

- *Stuart Guterman, Karen Davis and Kristof Stremikis*

[Explaining Health Care Reform: Key Changes to the Medicare Part D Drug Benefit Coverage Gap](#), Kaiser Family Foundation, 3/1/2010

[Q+A: How does healthcare overhaul affect Medicare?](#), Reuters, 3/22/2010

- *Donna Smith*

[Long-Term Services and Supports Provisions in Health Reform](#) (Adobe Acrobat PDF), National Council on Aging, 3/1/2010

[Holding the Line on Medicaid and CHIP: Key Questions and Answers About Health Care Reform's Maintenance-of-Effort Requirements](#), Georgetown University Center for Children and Families, Center on Budget and Policy Priorities, 3/26/2010

[New Health Initiatives Put Spotlight on Prevention](#), The New York Times, 4/4/2010

- *Robert Pear*

[Health Care Reform Leaves Out Illegal Immigrants](#), Associated Press, 4/4/2010

- *Juliana Barbassa*

[Flexible Spending Accounts Getting Slightly Less Flexible](#), Consumer Reports, 2/23/2010

- *Kevin McCarthy*

## Photos



Karen Davis, president of The Commonwealth Fund, provided a summary of the new health reform law and its impact on select populations at the April 16 briefing cosponsored by the Fund. (7 min.)



Dean Rosen of Mehlman Vogel Castagnetti discussed issues that will arise during implementation of the health reform law. He spoke at the April 16 briefing cosponsored by The Commonwealth Fund. (12 min.)



Neera Tanden of the Center for American Progress discusses the behind-the-scenes thinking of the Obama Administration in constructing its health reform proposal. She spoke at the April 16 briefing cosponsored by The Commonwealth fund. (6 min.)



Sara Collins, vice president of Affordable Health Insurance at The Commonwealth Fund, offered a timeline for health reform implementation at the April 16 briefing cosponsored by The Fund. (6 min.)



# **Alliance for Health Reform Briefing: *What's in There? An Ask-the-Experts Overview of the Health Reform Law***

April 16, 2010

[Click here to view Dean Rosen's presentation](#)

Dean A. Rosen, Partner  
[dean@mvc-dc.com](mailto:dean@mvc-dc.com)

MEHLMAN VOGEL  
CASTAGNETTI INC

# Snapshot of Major Reforms

2010 *Health Reform Implementation Timeline* 2018



## Insurance Reforms

- 2010 protections, incl. high-risk pool, ban lifetime caps
- 2014 expanded reforms
- Individual mandate
- State-based exchanges & tax subsidies
- National long-term care program



## Employers

- Small business tax credit
- Eliminate Part D deduction
- Penalties for employers with more than 50 FTEs not offering coverage
- Auto-enrollment for large employers
- 90-day waiting period limits



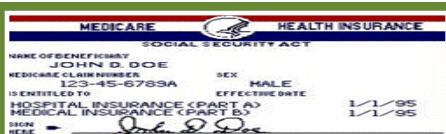
## Tax Reforms

- Increase Medicare tax for high-income earners
- Limit FSAs
- Tax high-cost plans
- Employer and individual penalties
- Industry excise taxes



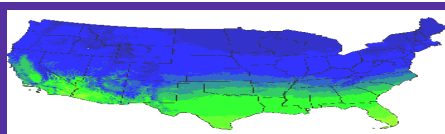
## Prescription Drugs

- Follow-on biologics pathway
- Medicaid rebate increase
- Improved Medicare Rx coverage, including branded discounts
- Industry excise tax
- Comparative Effectiveness Research



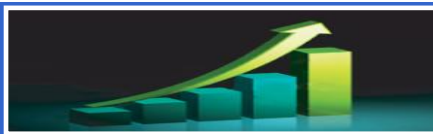
## Medicare

- \$523b payment reductions
- Improve Part D & prevention coverage
- Increase Part B & D premiums
- Independent Payment Commission (IPAB)



## Medicaid

- Expand eligibility to 133% FPL
- Increase primary care reimbursement
- Enhance federal matching funds
- Streamlined enrollment



## Quality Improvement

- National QI strategy
- CMS Innovation Center
- Pilots on bundled payments, medical home, ACOs
- Expand PQRI



## Workforce


- Advisory Committee to develop national strategy
- Loans & scholarships to increase supply and training
- Redistribute GME slots

# Some Emerging Implementation Issues

.... With Many More To Come




**MarketWatch**  
March 25, 2010, 3:15 p.m. EDT  
**Health-care overhaul to hit Deere, Caterpillar with charges**  
Other companies likely to post similar tax-deduction losses for 2010  
By Christopher Hinton, MarketWatch



**U.S. Department of Health & Human Services**  
**HHS.gov**  
News Release

FOR IMMEDIATE RELEASE  
Friday, April 2, 2010

**Sebelius Continues Work to Implement Health Reform, Announces First Steps to Establish Temporary High Risk Pool Program**  
Secretary Sends Letters to Governors, Insurance Commissioners



**Congressional Research Service**  
CONGRESSIONAL DISTRIBUTION MEMORANDUM April 2, 2010

From: Jennifer A. Staman  
Todd B. Taitman  
Legislative Attorneys  
American Law Division

Ms. Bowdick  
Analyst on the Congress  
Government and Finance Division

Subject: Analysis of § 1312(a)(3)(D) of Pub. L. No. 111-148, The Patient Protection and Affordable Care Act, and Its Potential Impact on Members of Congress and Congressional Staff

- Medicare Part D tax deductibility leads large employers to take immediate charges under FASB rules
- Uncertainty over children's preexisting conditions leads House Committee Chairmen to issue statement: "We have been assured by [HHS] that any possible ambiguity in the underlying bill can be addressed by the Secretary with regulation."
- 2010 Restrictions on annual caps effective before "essential" health benefits defined
- 90-day high-risk pool implementation raises thorny questions on funding, eligibility, state role, etc.
- Interest in assuring Tricare covers dependents and counts as creditable coverage
- CRS memo says it is "unclear" whether Members of Congress and staff can remain in FEHBP prior to establishment of exchanges

# Key Takeaways



- Patient Protection and Affordable Health Care Act is wide-ranging, making major changes to entitlement programs, launching new public health initiatives, imposing new taxes and reforming private insurance markets in all 50 states
- Implementation will be spread out over several years
- In key areas, regulators have broad discretion in interpreting the new law
- Several federal agencies will have a major role, including the Department of Health and Human Services, the Department of Labor, and the Department of Treasury
- Effective implementation will require close cooperation between the federal government and states on Medicaid expansions, exchange operation, insurance reforms and other areas
- The impact of recommendations of several boards and commissions, yet to be appointed, is highly uncertain
- Congressional responsibility divided among a number of Committees



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# What's in the New Health Reform Law?

[Click here to view Karen Davis' presentation](#)

**Karen Davis**  
**President, The Commonwealth Fund**  
**kd@cmwf.org**

**Alliance for Health Reform Briefing**  
**April 16, 2010**

**[www.thecommonwealthfund.org](http://www.thecommonwealthfund.org)**



# A Historic Accomplishment

- **Health reform promises to usher in a new era in American health care**
- **It will:**
  - **Cover 32 million uninsured**
  - **Improve affordability of coverage for millions now having difficulty paying health insurance premiums, medical bills, or accumulated medical debt**
  - **Eliminate doughnut hole in Medicare Rx coverage; institute a new voluntary long-term care financing program**
  - **Begin to move to an organized integrated delivery system with coordinated care, reducing errors, duplication, and waste**
  - **Help slow rising health care costs that are a burden on families, employers, and federal, state, and local government budgets**
- **Important to foster understanding of what health reform is and isn't**
  - **Many immediate benefits within the next six months**
- **Build areas of consensus**



# Major Sources of Cost, Savings and Revenues Compared with Projected Spending, Net Cumulative Effect on Federal Deficit, 2010–2019

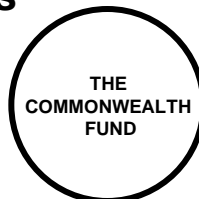
Dollars in billions	CBO estimate of Affordable Care Act of 2010
<b>Total Net Impact on Federal Deficit, 2010–2019</b>	<b>–\$143</b>
<b>Gross Cost of Coverage Provisions</b>	<b>\$938</b>
<b>Offsetting Revenues from Individual Mandate, Employers, and Wage Effects</b>	<b>–\$117</b>
<b>Savings from Payment and System Reforms</b>	<b><u>–\$511</u></b>
• Productivity updates/provider payment changes	–160
• Medicare Advantage reform	–204
• Other improvements and savings	–147
<b>Education System Savings</b>	<b>–\$19</b>
<b>Total Revenues</b>	<b>–\$432</b>

Note: Totals do not reflect net impact on deficit due to rounding.  
 Source: Congressional Budget Office, Letter to the Honorable Nancy Pelosi, Mar. 20, 2010.



# Impact on Select Populations

- **Uninsured and underinsured**
  - Better coverage and affordability
  - More choices of plans; improved stability of coverage
- **Young adults**
  - Coverage under parents' health policies in September 2010
- **Women**
  - Same premiums regardless of gender
  - Coverage of maternity and reproductive health services (other than abortion)
- **Older Adults and Disabled Adults**
  - Temporary high-risk pools 2010-2013
  - In 2014, community rating and guaranteed issue; limits on rating by age (3:1)
  - CLASS Act – voluntary long-term care financing through payroll deduction begins in 2012, five-year vesting before eligible for monthly payments for home and long-term care services
- **Medicare**
  - Phases out doughnut hole in prescription drug coverage
  - Covers preventive care services without cost-sharing including new annual wellness visit
  - Extends solvency of Medicare hospital insurance trust fund by nine years
  - Guarantees no cut in basic Medicare benefits
  - Eliminates overpayment of Medicare managed care plans



# Implementing Health Reform: What are the issues?

- **Gap period – ensuring access pending expansion of coverage in 2014**
  - **COBRA subsidies and enhanced federal Medicaid matching rate extension included in expansive jobs bill awaiting conference (H.R. 4213)**
  - **Sustaining and restructuring the safety net**
- **Ensuring a strong primary care system with patient-centered medical homes for all**
- **Success of rapid testing of payment and delivery system innovation**
- **State capacity to implement reform**
- **Funding and resources at HHS**



# Thank You!



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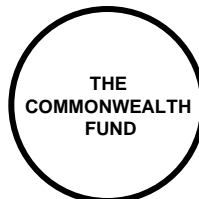
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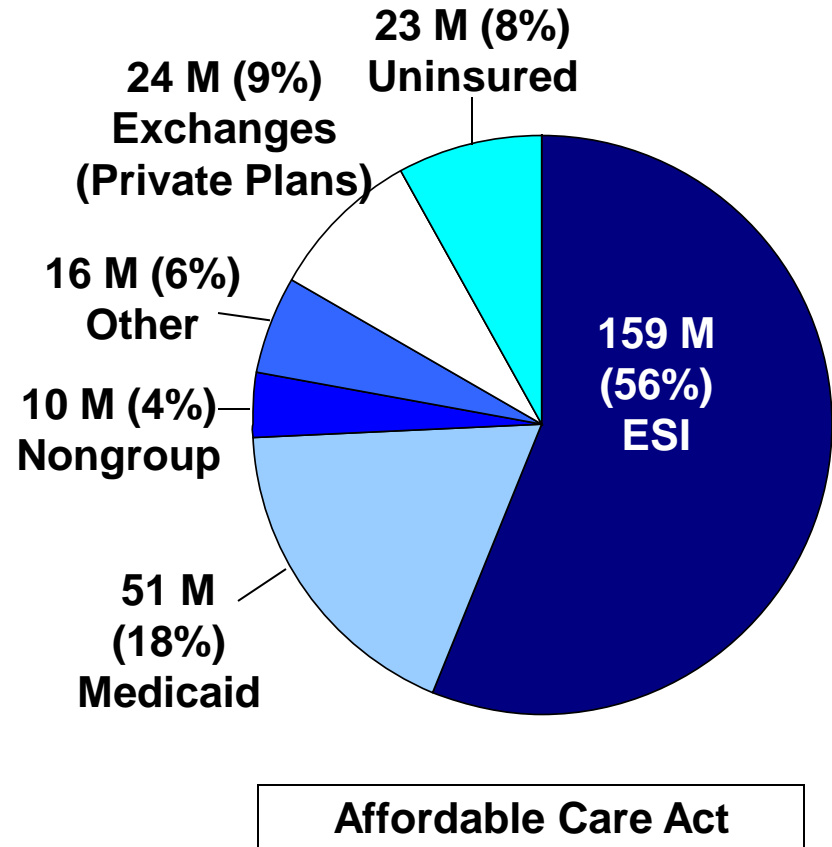
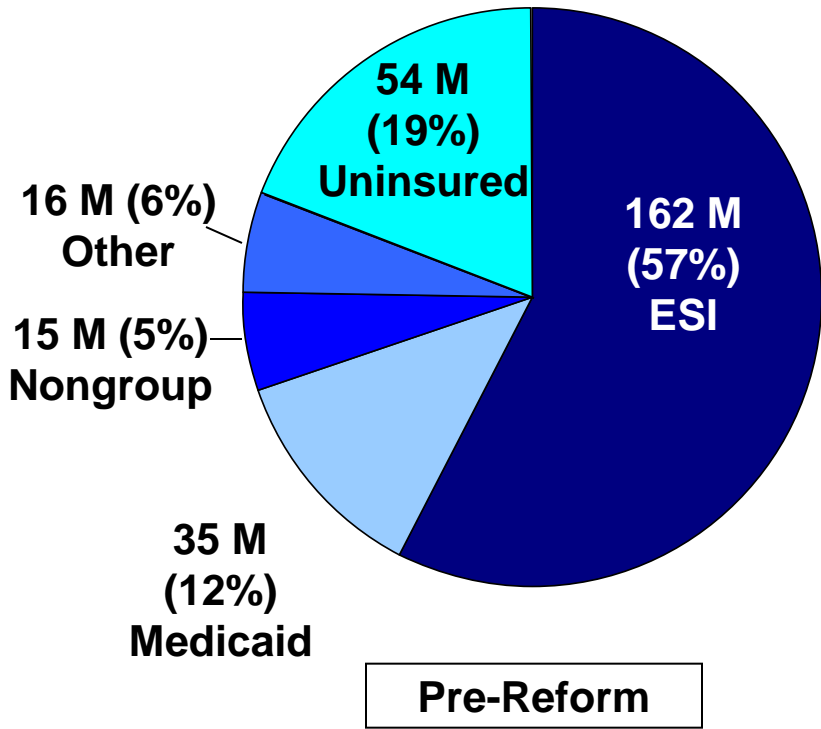
[Click here to view Sara Collins's presentation](#)

# **Affordable Care Act of 2010: Major Provisions and Implementation Timeline**

**Sara R. Collins, Ph.D.**  
**Vice President, Affordable Health Insurance**  
**The Commonwealth Fund**

**Alliance for Health Reform and The Commonwealth Fund**  
**“What's in There? An Ask-the-Experts**  
**Overview of the Health Reform Law”**  
**April 16, 2010**

# Source of Insurance Coverage Pre-Reform and Under Affordable Care Act, 2019



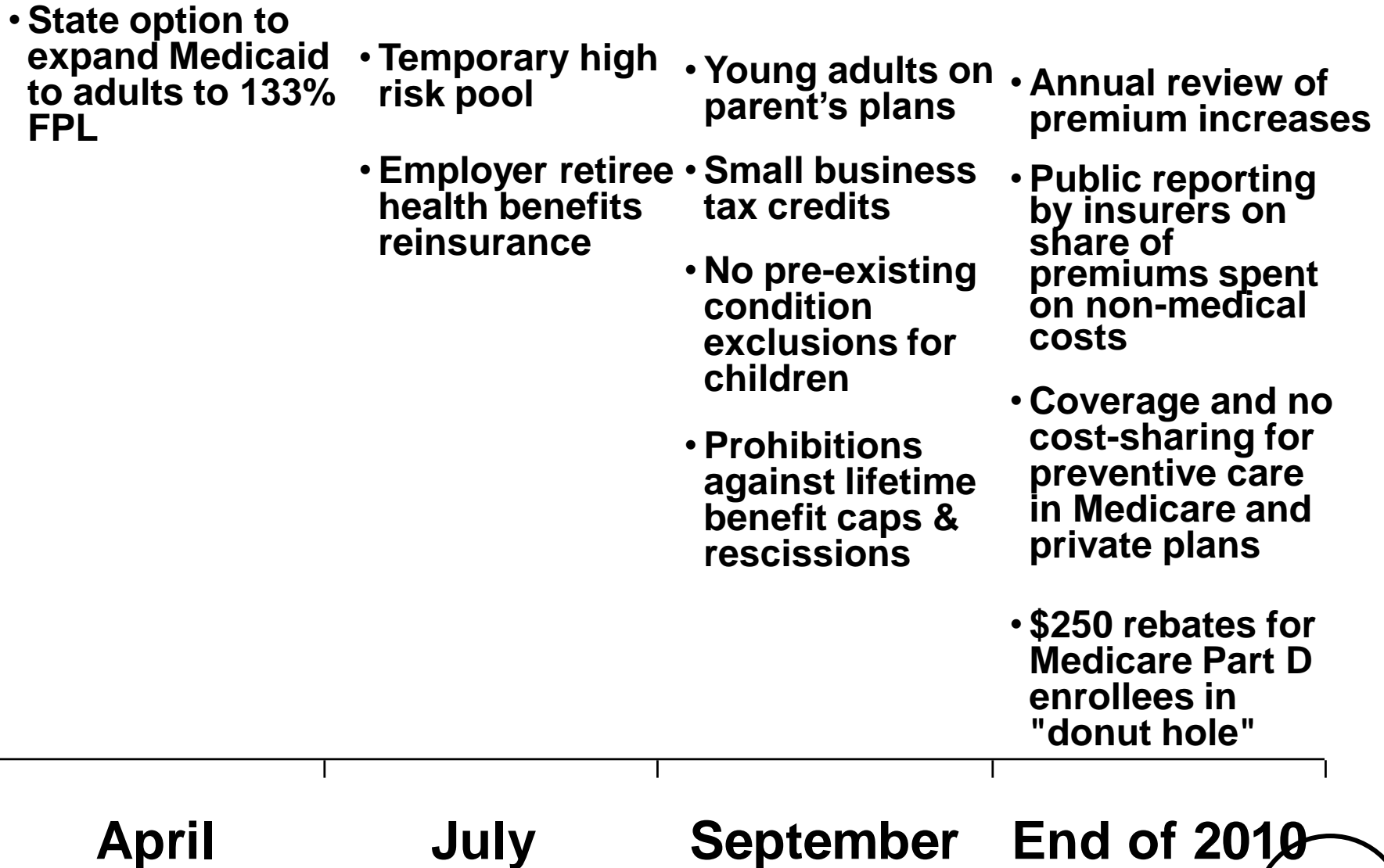
**Among 282 million people under age 65**

\* Employees whose employers provide coverage through the exchange are shown as covered by their employers (5 million), thus about 29 million people would be enrolled through plans in the exchange. Note: ESI is Employer-Sponsored Insurance.

Source: S. R. Collins, K. Davis, J. L. Nicholson, S. D. Rustgi, and R. Nuzum, The Health Insurance Provisions of the Affordable Care Act: Implications for Coverage, Affordability, and Costs, The Commonwealth Fund, (forthcoming).



# Health Insurance Reforms: 2010





# Health Insurance Reforms: 2011 - 2013

- Insurers must spend at least 85% of premiums (large group) or 80% (small group/individual) on medical costs or provide rebates to enrollees
- 50% discounts on brand-name drugs to Medicare part D enrollees in the donut hole
- Over-the-counter drug costs reimbursement restrictions in flexible spending accounts and account based health plans
- Increased tax on non-medical distributions from health savings accounts (HSAs)
- Establish national, voluntary insurance program for purchasing community living assistance services and supports (CLASS program)
- Insurer administrative simplification requirements
- Limits on contributions to flexible spending accounts to \$2500/year

**2011**

**2013**

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# Health Insurance Reforms: 2014-2018

- Medicaid expanded to 133% FPL
- Insurance market reforms including no rating on health
- State insurance exchanges
- Essential benefit standard
- Premium and cost sharing credits for exchange plans
- Premium increases a criteria for carrier exchange participation
- Increase in small business tax credit
- Individual requirement to have insurance
- Employer shared responsibility penalties
- CHIP reauthorization 2 year extension
- Excise tax on high cost employer plans

**2014**

**2018**

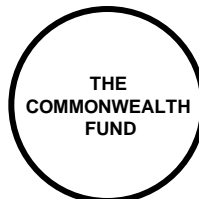
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# Payment and System Reforms: 2010 - 2012

- **Modify Medicare payment to providers to account for productivity improvements (2010)**
- **10 percent Medicare bonus payment to primary care providers for five years (2011)**
- **Center for Medicare and Medicaid Payment Innovation to test payment and delivery system reforms (2011)**
- **Eliminate Medicaid payment for hospital-acquired conditions (2011)**
- **Reduce Medicare payment for preventable hospital readmissions**
- **Shared savings to Accountable Care Organizations for Medicare savings relative to a cost benchmark**
- **Reward hospitals that participate in a value-based purchasing program**

**2010-2011**

**2012**

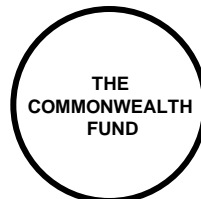


# Payment and System Reforms: 2013 - 2016

- National voluntary pilot program on payment bundling for acute care episodes – providers to share in Medicare savings subject to quality performance
- New Independent Payment Advisory Board to present Congress with recommendations to reduce Medicare excess cost growth and improve quality of care along with non-binding recommendations for health system cost and quality
- Bring Medicaid primary care payment up to Medicare levels
- Create physician value-based payment program to promote increased quality of care for Medicare beneficiaries (2015)
- Reduce Medicare payments to hospitals with high rates of hospital-acquired infections (2015)
- Establish a pay-for-performance pilot program for Medicare providers; expand after 2018 if successful (2016)

**2013-2014**

**2015-2016**



# Acknowledgements

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**Karen Davis,  
President**



**Rachel Nuzum,  
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**Jennifer Nicholson,  
Associate Program Officer**



**Stephanie Mika,  
Program Associate**



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