



Advancing the Global IT Industry

Health Care Reform – A Timeline

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The Legislation

- **Two separate bills collectively referred to as Health Care Reform**
 - “Senate Bill” – HR 3590 – Patient Protection and Affordable Care Act, signed into law (P.L. No: 111-148) on March 23, 2010
 - “House Fix Bill” – HR 4872 – Health Care and Education Reconciliation Act of 2010, signed into law (P.L. No: 111-152) on March 30, 2010

Congressional Budget Office Estimates

- **2010-2019: Total cost \$940 billion**
- **2010-2019: Federal deficit reduction of \$143 billion**
- **2019: 32 million insured (94%, up from 83%)**
- **2019: 23 million uninsured (1/3 undocumented)**

This year: 2010

- **Small business health care credit – 35%**
- **Young adults stay on parents' insurance thru age 26**
- **Insurers must cover children with pre-existing conditions**

This year: 2010

- **Temporary high-risk pool for individuals with pre-existing conditions - Phased out in 2014**
- **Insurers not allowed to drop coverage for sick insureds**
- **Restricts new plans from imposing annual limits on coverage**

Next Year: 2011

- **Insurers required to pay out minimum percentages of premiums for medical services:**
 - Individual and small group market – 80%
 - Large group market – 85%
- **Simplified cafeteria plan for small businesses**
 - 100 or fewer employees – simplifies compliance / administrative requirements

2013: Transition Continues

- **HIT**
 - Health plans must implement uniform standards for electronic exchange of health information (e.g., Electronic Health Records)
- **Health care flexible savings accounts**
 - Contributions scaled back to \$2,500 per year as indexed by CPI (current limitation is \$5,000)

2014: Full Operation Begins

- **Employer-provided coverage**
 - Small businesses (50 or fewer employees) **exempted** from mandatory requirements
 - Other businesses (51 or more employees) will be **required** to provide coverage or pay a fine

2014: Full Operation Begins

- **Individual Coverage**

- If not covered by an employer plan, most individuals required to buy health insurance coverage
- Failure invokes penalty of \$95 in 2014, \$325 in 2015, \$695 (or up to 2.5 percent of income) in 2016
- Subsidies for individuals earning up to 400% of the poverty level (currently, \$88,200 for a family of four)

2014: Full Operation Begins

- **Where can individual obtain health insurance?**
 - Private market – As exists now
 - Health insurance exchanges – Private plans offered through a standard platform

2014: Full Operation Begins

- **Health insurance exchanges**
 - *Individual* Exchange
 - *Small Business Health Options Program* Exchange (“SHOP Exchange”)
 - *Combination: A State may elect to merge the individual and SHOP Exchanges*

2014: Full Operation Begins

- **What is a health insurance exchange?**
 - One-stop shop for a health care plan
 - Most likely an online portal
 - Compare benefits and prices
 - Includes basic benefit package
 - State- or regionally-based

2014: Full Operation Begins

What is a “SHOP” exchange?

- Up to 100 employees
 - states can limit to 50 or fewer through 2016
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- Pool together to enhance buying power, lower admin costs
 - Comparison shop for standardized health packages

Will exchanges lower premiums?

- **Will exchanges lower premiums?**
 - No guarantees:
 - Will exchanges increase competition?
 - Will increased competition lower prices?
 - Will increasing the number of insured lower costs?

2011 – 2014

- **Regulatory development**
- **States develop exchanges**
- **HIT kicks in**
- **Market adjusts to 30 million new insureds**

Thank you

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