

April 27, 2010

Revised Health Reform Timeline

President Obama has signed both H.R. 3590, "The Patient Protection and Affordable Care Act," and the reconciliation bill, H.R. 4872, which amends H.R. 3590. MASA has revised the Health Reform Timeline you received earlier to reflect changes in some of the major provisions in the new health care reform law affecting physicians and patients.

In 2010:

- Insurance companies are prohibited from denying coverage to children with pre-existing conditions;
- Insurance companies prohibited from placing lifetime caps on coverage;
- Children permitted to stay on parents' insurance until age 26;
- Some small businesses will receive a business health tax credit for providing employee health insurance;
- Temporary reinsurance program implemented for employers providing health insurance to retirees over 55 who are Medicare- ineligible;
- Creation of temporary high-risk pool to immediately cover people with pre-existing conditions;
- Coverage requirements for new health plans regarding preventive services and immunizations without cost sharing;
- Process established for states to review rate increases and for health plans to justify increases;
- "Doughnut hole" for Medicare Part D begins to close, "doughnut hole" will be eliminated by 2020, this year a \$250 rebate will be provided to Medicare Part D beneficiaries who hit the gap in prescription drug coverage;
- Floor for Medicare's geographic payment adjustment (GPCI) re-established, GPCI adjustment reduced for practice expenses in rural and low-cost areas;
- National rules developed to standardize claims processing and make the process more efficient with the goal of implementing the new rules in three to six years;
- Medicaid required to cover tobacco cessation services for expectant mothers.

In 2011:

- Physicians' Medicare fees will be cut more than 25 percent unless the sustainable growth rate is permanently repealed, affecting many seniors' access to care;
- Medicare bonus of 10 percent over five years for primary care and general surgery (family medicine, internal medicine, geriatrics and pediatrics);
- Medicare Part D beneficiaries receive 50 percent discount on prescription drugs in the "donut hole;"
- In Medicare and Medicaid, cost sharing for proven preventive services eliminated;
- Medicare Advantage plans see a reduction in rebates while high-quality Medicare Advantage plans receive bonus payments;
- Incentives established to encourage Medicare and Medicaid recipients to complete behavior modification programs;
- Employers required to report value of employees' health benefits on W-2 forms;
- New limits on certain items eligible for purchase for patients using HSAs and FSAs, includes many over-the-counter medications unless prescribed by a physician, non-qualified HSA purchase penalty increases to 20 percent;
- Beginning 2011, drug prices for patients may increase due to new fees levied on drug companies being passed on to consumers;
- Incentive payments of 1 percent to physicians voluntarily participating in Medicare's Physician Quality Reporting Initiative (PQRI);
- Medical liability protections of Federal Tort Claims Act extended to officers, governing boards, employees and free clinic contractors;
- HHS awards five-year grants to states to study and execute alternative medical liability reform programs like health courts and early offers programs;
- States can begin requiring insurance companies to submit justification of premium increases;
- States can impose penalties on insurance companies for excessive rate increases.

In 2012:

- Businesses must file Form 1099s for all business-to-business transactions of \$600 or more;
- Medicare Advantage payments frozen for 2012, new system of blended standards begin being phased in;
- Incentive payment for voluntary participation in Medicare's PQRI reduced to 0.5 percent (from one percent), continued through 2014, additional 0.5 percent payment available for physicians participating in a qualified Maintenance of Certification Program.

In 2013:

- Public reporting of physician performance begins;
- Medicare pilot programs begin testing care payments based on "quality over quantity" of services rendered;
- A new Medicare payroll tax on individuals earning more than \$200,000 per year and couples earning more than \$250,000 per year (monies generated through this tax will pay for insurance policies of people under the Medicare age);
- Fewer medical expenses will be tax deductible;
- Wage taxes rise from 1.45 percent to 2.35 percent;
- New tax of 3.8 percent levied on unearned income streams like interest and dividends;
- New tax of 2.9 percent on medical device sales;
- Medicare Part D employer tax deduction is eliminated;
- Cafeteria plan FSA contributions limited to \$2,500 and inflation-adjusted after 2013;
- Medicaid payments increase to at least Medicare rates for family physicians, internists and pediatricians for providing immunizations and evaluation and management services (continues through 2014).

In 2014:

- State health insurance exchanges created for individuals and small businesses to purchase coverage;
- Insurance companies prohibited from denying coverage for pre-existing conditions;
- Individual insurance mandates go into effect with penalties for noncompliance;
- Subsidies provided to low and some middle income individuals and families for purchasing insurance;
- Medicaid expanded to all Americans under age 65 earning up to 133 percent of the federal poverty level;
- Medicare Advantage plans required to spend at least 85 percent of premiums on providing health care to customers;
- Subsidies increase for some small business providing coverage to employees;
- "Essential benefits package" defined by federal government, all qualified health plans must offer these benefits.

In 2015:

- Independent Payment Advisory Board (IPAB) begins recommendations for cutting Medicare costs, Congress can either adopt IPAB recommendations or pass an alternative with equal savings;
- Medicare payments reduced by 1.5 percent for physicians who do not participate in PQRI (increases to 2 percent in following years).

In 2016:

- First IPAB cuts to Medicare implemented;
- Penalties for individuals refusing to purchase insurance rises to 2.5 percent of taxable income or \$695 whichever is greater;
- Multi- state compacts allowed to sell policies across state lines with insurers subject to consumer protection laws of the purchaser's state.

In 2017:

- States may choose to allow large employers to offer coverage to employees through the state health insurance exchanges.

In 2018:

- New 40 percent "Cadillac tax" levied on health coverage in excess of \$10,200 annually for individuals and \$27,500 annually for families, with increased thresholds for high- risk occupations' and retirees older than 75
 - "Cadillac tax" is indexed so that as health care costs increase more and more people will be subject to the tax (indexed for two years to consumer price index plus one, or CPI+ 1 percent).

In 2020:

- Threshold for the "Cadillac tax" indexed to the general rate of inflation, down from from CPI+ 1 percent. [Click here to contact MASA's Governmental Affairs Department.](#)

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