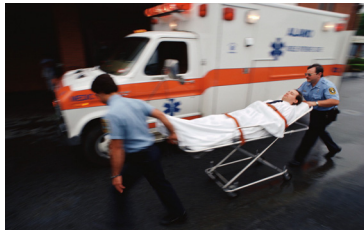




# HEALTH CARE REFORM OUR UPDATE & ADVICE

MORRIS & REYNOLDS INSURANCE PRESENTS ADVICE & ANSWERS ON AMERICA'S HEALTH CARE REFORM

## 2010 HEALTH CARE REFORM SUMMARY



**It's Official!** The sweeping reform of America's health care system has become law.

The Patient Protection and Affordable Care Act was signed on March 21st, 2010. It is our pleasure to outline this landmark new law, a law that will touch nearly every American for generations. Running nearly 2,000 pages, the Congressional Budget Office (CBO) estimates that the new law will cost nearly \$ 1 trillion and once fully implemented will provide coverage to 32 million more people and ensure that 94% of Americans have coverage.

Although final rules are still being written, Morris & Reynolds Insurance is pleased to provide this initial summary on the key points of the new reform law. As details and final rules on each provision are finalized we will look forward to providing you with updates on the topics that impact you, your employees and your business.

### BROADENS COVERAGE

- Bars insurers from discriminating based on **pre-existing** conditions, health and gender.
- Creates insurance **exchanges** where individuals and small business, with the help of their agent, can buy health coverage.
- Offers premium **tax credits** and cost sharing assistance to low and middle income Americans, providing families and small businesses with the largest tax cut for health care in history.

- Ensures **access** to immediate relief for uninsured Americans with pre-existing conditions on the brink of medical bankruptcy.
- Creates a **reinsurance program** in support of employers who offer health coverage to **retirees** age 55-64.
- Invests in **Community Health Centers** to expand access to health care in communities where it is needed most.
- Empowers the Department of Health and Human Services and State Commissioners to conduct **annual reviews** of new plans and premium increases.
- Allows coverage on **adult children**, both married and unmarried, to remain on a parents plan to age 26.

### MEDICAID & CHILDREN

- **Expands eligibility for Medicaid** to all non-elderly Americans with income below 133% of the Federal Poverty Level (FPL).
- Provides for **fair assistance** for all states to help cover the costs of these new Medicaid populations.
- Maintains funding levels for the Children's Health Insurance Program (CHIP) for an additional two years, through 2015.

- Increases payments to **primary care doctors** in Medicaid.

### MEDICARE

- Adds at least **nine years** to the solvency of the Medicare Hospital Insurance trust fund.
- Fills the Medicare **prescription drug donut** hole. In 2010, Medicare beneficiaries who

go into the donut hole will receive a \$250 rebate. After that they will receive a pharmaceutical manufacturers' 50% discount on brand-name drugs, increasing to 75% on brand-name and generic drugs to close the *donut hole* by 2020.

- Provides new, **free annual wellness visits**, and eliminates out-of-pocket co-payments for preventive benefits under Medicare, such as cancer and diabetes screenings.
- Provides better **chronic care**, with doctors collaborating to provide for 80% of older Americans with one chronic condition like high blood pressure or diabetes.
- Improves payments for **primary care**.
- Reduces **payments** to private Medicare Advantage plans. Medicare currently overpays private plans by an average of 14%.

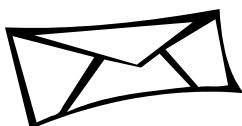
- Encourages reimbursing health care providers on the basis of **value, not volume**. The bill includes a number of proposals to move away from the "a la carte" Medicare fee-for-service system toward paying for quality while reducing costs for seniors.

### CHRONIC DISEASE & PUBLIC HEALTH

- Promotes **preventive health** care at all ages and improves public health activities to help Americans live healthy lives and restrain the growth of costs over time.

The law eliminates cost-sharing for recommended preventive care, provides individuals with the information they need to make healthy decisions, improves education on disease prevention and public health, and invests in a national prevention and health strategy.

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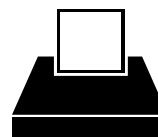
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### HEALTH CARE WORKFORCE

- Invests in **training doctors and nurses and other health care providers**. Currently, it is estimated that 65 million Americans live in communities where they cannot easily access a primary care provider. An additional 16,500 practitioners are required to meet their needs.



Addresses shortages in primary care and other areas by making investments in our nation's health care workforce including scholarship and loan repayment programs through the National Health Service Corps to expand the health care workforce. Also includes incentives for primary care practitioners and others to practice in underserved areas.

### TRANSPARENCY & INTEGRITY

- Provides consumers with information on **physician ownership** of hospitals, medical equipment companies and nursing home ownerships. The bill also seeks crack down on fraud and waste in Medicare, Medicaid, SCHIP and private insurance.

It establishes a private, non-profit entity to identify priorities in patient-centered outcomes research that will provide doctors with information on how to best treat patients and end wasteful overspending.

### IMPROVING ACCESS TO INNOVATIVE CARE

- Establishes a regulatory pathway for FDA approval of biosimilar versions of previously licensed biological products.



### COMMUNITY LIVING ASSISTANCE SERVICES (CLASS)

- Makes **long-term** support and services more affordable for millions of Americans by providing a lifetime cash benefit that will help people with severe disabilities remain in their homes and communities. CLASS is a voluntary, self-funded, insurance program provided through the workplace. For those whose employers participate, affordable premiums will be paid through payroll deductions. Participation by workers is entirely voluntary. The Congressional Budget Office confirms that the program, which has been revised from earlier versions, is actuarially sound.

### REVENUE PROVISIONS

- Tightens **health tax incentives, collects industry fees, institutes modest excise taxes, and slightly increases the Medicare Hospital Insurance (HI) tax for individuals who earn more than \$200,000 and couples who earn more than \$250,000**. The taxable base of the HI tax is broadened by including net investment income. The HI tax increases will be used to fund reform but, when combined with other provisions in the bill, will extend the Medicare Trust Fund by at least nine years to 2026.
- Includes a **fee on insurance companies that sell high cost health insurance plans**.

The fee is designed to generate more cost-effective health coverage choices. The law delays this new fee until 2018 so that plans have time to implement reform and begin to save from its efficiencies.

- **Changes health care tax incentives by increasing penalties on nonqualified distributions from HSAs, capping FSA contributions, and standardizing the definition of qualified medical expenses**. The industry fees and excise taxes reflect responsible contributions from health care stakeholders who will benefit from the expanded coverage of millions of additional Americans under health care reform. The bill also assesses a small **excise tax on indoor tanning services**.

### MORRIS & REYNOLDS INSURANCE



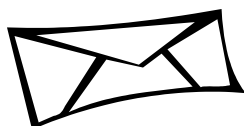
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Insurance, since 1950.

Now in its third generation of family ownership, Morris & Reynolds offers trusted choices from over 100 of the world's leading insurers for all forms of coverage, as well as innovative care and service from a passionate, award-winning TEAM of professional people, the finest people in insurance.

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Source: The House Committees on Ways and Means, Energy and Commerce, and Education and Labor, 2010



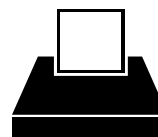
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