



# HEALTH CARE REFORM OUR UPDATE & ADVICE

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

JULY 4TH, 2012

## HEALTH REFORM TIMELINE

**2010**   **2011**   **2012**   **2013**   **2014**   **2015**   **2016**   **2017**   **2018**

Our professional agents and underwriters are here to help you navigate through America's Health Care Reform. Now that the Supreme Court has ruled that Health Care Reform is constitutional, the following time-line and comments should help orientate you to what will happen, and when, over the next two years.

### 2012

- Medicare hospital value-based purchasing program starts.
- Increase in physician quality reporting requirements in Medicare.
- Additional Medicare pilot programs on alternative pay methodologies, e.g., accountable care organizations.
- Increased requirements for hospitals to maintain not-for-profit status.
- Fees from insured (including self-insured) plans transferred to the Patient-Centered Outcomes Research Trust Fund.
- As of 08/01, insurers must provide preventive care without a copayment or deductible.

### 2013

- Increase Medicare payroll tax by 0.9% on high-income earners.
- Impose a 3.8% tax on net investment income of high-income individuals.

- \$500,000 cap on health insurers' deduction for executive compensation.
- Eliminate employer deduction for Medicare Part D subsidy.
- FSA limitations.
- Excise tax on medical device manufacturers and importers.
- Medical expense deduction floor increases to 10%.
- Nationwide bundled payment pilot begins in Medicare.
- Increased Medicaid reimbursement for primary care.
- Medicare physician comparison data available to the public.
- Reductions in Medicare payments for select hospital readmissions.
- Expanded coverage of preventive services by Medicaid.

### 2014

As of January 1st changes include pre-existing condition elimination, the ("tax") individual mandate, elimination of annual spending caps, increase to the low income cutoff for Medicaid, tax credits for small business, businesses with over 50 employees must offer full-timers health benefits, new deductible limits,

Medicare spending cuts, \$2,500 limit on FSAs, the creation of health exchanges, the requirement that Congress can only receive plans from exchanges, new taxes on the pharmaceutical industry, new taxes based on market share for insurers and a higher tax deduction allowed for medical expenses. Here are a few in list form:

- Employer and individual mandate begins.
- Employer and insurer reporting requirements start.
- New health insurance market reforms take effect.
- State health Insurance Exchanges established.
- Premium tax credits and cost-sharing subsidies available to certain individuals in an Exchange.
- Medicaid expansion (100% federal match to states for newly-eligible populations through 2016).
- Annual fee on health insurers.
- Medicare/Medicaid DSH payment cuts begin.
- Independent Payment Advisory Board (IPAB) issues first report to Congress if Medicare spending exceeds growth target.



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## HEALTH CARE CHANGES & REFORMS THUS FAR

IN ADDITION TO THE CHANGES TO COME PROGRESS HAS BEEN MADE THUS FAR IN 2010, 2011 & 2012



### CHANGES & PROGRESS THUS FAR

In addition to looking forward to what is to come from Health Care Reform and the recent Supreme Court's decision, now is a good time to consider what has been accomplished thus far. Here is a summary of certain reform milestones and changes that are already in place since the laws passage in March 2010:

#### 2010, 2011 & 2012

- Allows **FDA** greater ability to approve generic drugs.
- Increases drug rebates in Medicare.
- Created a **non-profit PCORI** entity to study various treatments to compare efficacy, costs, etc.
- Chain restaurants must display nutritional info such as calorie count.
- Creates "high risk pool" for people with pre-existing conditions.
- Added a **10% tax** on indoor tanning booths.

- No more "Lifetime Maximum Limits".
- Children can be covered under parents' health plans until age 26.
- No more pre-existing condition restrictions for children under age 19.
- Insurers now have less ability to change rates.
- People caught in the Medicare "donut" get a short term rebate.
- Insurers must provide more detail about costs and claims.
- Requires an internal appeals process for claim denials.
- New fraud prevention measures were created.
- Medicare extended to smaller hospitals.
- Medicare patients with chronic illness must be more thoroughly monitored.
- Reduced costs for companies handling benefits for elderly.
- [www.healthcare.gov](http://www.healthcare.gov) was created.
- New credit program to spur business innovation in illness treatment.
- A cap on insurer expense ratios, known as **Medical Loss Ratios**, is implemented.
- Limits on what type of accounts can be used to pay for **Over The Counter drugs without a prescription.**
- Employers are now required to detail benefits provided in their tax forms.

#### QUESTIONS???

We realize that you have questions about how health care reform will impact you, your family and your business. Please know that our expert agents and underwriters are here to help you navigate through this complex law, as well as obtain the coverage you need and, as has been the case since 1950, assist with the insurers, exchanges as well as medical providers, claims and all else.

Health care and the cost of insurance is a critical topic to Americans and every business in America. You can trust that the professional advocates here at Morris & Reynolds are well prepared to help you navigate through the new health care laws, as well as to service your coverage for many years to come.



The Reynolds family has been in the insurance profession since 1910 and has operated its Independent Insurance

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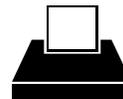
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