

Timeline

When President Obama signed the Patient Protection and Affordable Care Act (PPACA) on March 23, he set in motion sweeping reforms that will have a lasting impact on our national healthcare system. Over the last seven months, many new rules have taken effect that impact both health plan members and employers.

More changes are coming over the next several years, as additional reforms are rolled out both in Rhode Island and across the country. The timeline below provides a glimpse of what's happened already, and what is happening in the next few years. You can also find information about healthcare reform at healthcare.gov.

March 2010

- **PPACA**, becomes law on March 23, 2010. Eventually, it will require all individuals to have health insurance, and employers with 50 or more employees to offer health coverage or pay a penalty if they do not offer coverage.
- PPACA creates a number of ongoing **new grant opportunities** for states, healthcare providers, and other entities to improve and expand healthcare in the U.S.
- **The Small Business Health Care Tax Credit** takes effect, establishing a tax credit for small businesses with 25 or fewer full-time equivalent employees whose average wage is less than \$50,000 a year. For years 2010 through 2013, the tax credit is worth up to 35 percent of either an employer's premium contribution (25 percent for tax exempt employers) or an amount set by the U.S. Department of Health and Human Services (HHS), whichever is less.

June 2010

- Seniors with Medicare prescription drug benefits who must pay for drugs when they hit the coverage gap—known as the “donut hole”—begin receiving **\$250 rebate checks** to help offset their out-of-pocket prescription drug costs.

July 2010

- The **Early Retiree Reinsurance Program** takes effect. This temporary program is intended to help employers provide health coverage to early retirees who are not yet eligible for Medicare. Employers receive “reinsurance” payments that cover 80 percent of early retiree claims between \$15,000 and \$90,000 in a given year. Employers can only use these payments to offset future rate increases or reduce employee cost-sharing. For more information go to errp.gov.
- **HealthCare.gov** launches. This website, created and run by the U.S. Department of Health and Human Services (HHS), provides important information on the healthcare reform law and health insurance options at the state level.

August 2010

- Blue Cross & Blue Shield of Rhode Island (BCBSRI) begins taking applications for the **Pre-existing Condition Insurance Plan of Rhode Island**, a federally subsidized health plan that provides guaranteed, low-cost, comprehensive coverage to people with chronic medical conditions like diabetes or high blood pressure.

September 2010

- This is an important month. For plan years starting on or after September 23, 2010, many significant new rules take effect, including coverage for **preventive services** without cost-sharing, dependent coverage for **children up to age 26**, and the prohibition of **lifetime and annual dollar limits** on essential health benefits.

Federal Healthcare Reform

2011

- Insurance companies must spend at least **85 percent** of all premium dollars collected for large employer plans on healthcare services and healthcare quality improvement. For plans sold to individuals and small employers, insurers must spend at least **80 percent** of the premium on benefits and quality improvement. If insurance companies do not meet these goals, they must provide rebates to consumers.
- **Medical Savings Accounts (MSAs), Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs), and Flexible Spending Accounts (FSAs)** may reimburse people for over-the-counter medications **ONLY** when a doctor prescribes them. The penalty for nonqualified HSA and MSA distributions increases to 20 percent of inappropriately withdrawn funds. Beginning in 2013, contributions to FSAs are limited to \$2,500.
- For tax years beginning January 1, 2011, employers are encouraged to report the aggregate value of health coverage they provide on employees' **W-2 forms**. These amounts are not taxable. The reporting becomes mandatory for tax years beginning January 1, 2012.
- Uniform coverage regulations and standard definitions will be issued by HHS.

2012

- **Uniform coverage forms** become available from insurers and group health plans. These documents will be in a format established by HHS.

2013

- The **Comparative Effectiveness Research (CER) Assessment** begins. A fee of \$1 per year per covered life will be assessed to insurers and self-funded group health plans to fund CER beginning in 2013, increasing to \$2 from 2014 to 2019. These funds will support research on the effectiveness of medical treatments and strategies.

2014

- Plans will be required to provide coverage for **“essential health benefits,”** which includes services such as maternity and newborn care, prescription drugs, lab services, preventive and wellness services, pediatric services, and more.
- Most individuals will be required to obtain and maintain **“minimum essential coverage,”** with monetary penalties for not meeting this requirement. If employers with 50 or more employees do not offer coverage, they may also be subject to penalties. Individuals and families who fall below 400 percent of the federal poverty level will be eligible for **federal subsidies** to reduce the cost of coverage.
- Individuals and small employers will have the option to purchase coverage through state-run **American Health Benefit Exchanges**, which will provide information about coverage options. In order to receive federal subsidies, individuals must purchase coverage through the Exchange.
- An \$8 billion **insurer tax** will be imposed on health insurers, increasing to \$14.3 billion in 2018. Insurers' liability is based on their ratio of net premiums written (i.e., insured business).
- The **Small Business Health Care Tax Credit** is worth up to 50 percent of either an employer's premium contribution (35 percent for tax exempt employers) or an amount determined by HHS, whichever is less.

(Please note: This timeline is not meant to be an all-inclusive list of all healthcare reform provisions; it is a look at the reforms based on details currently available.)



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