

## **Health Care Timeline by Subject**

*Preliminary Review of Enacted Law as Modified by Reconciliation*

*Note: The Whip's Office will continue to update this document as warranted based on further review of the interaction between the two bills.*

### Subjects:

- Major Tax Changes
- Major Changes Impacting Seniors
- Major Insurance Changes
- Major Changes for Health Care Providers

## TAX CHANGES

|             |  |
|-------------|--|
| <b>2010</b> | <ul style="list-style-type: none"> <li>• <b>New Tax Credit for Limited Number of Small Businesses:</b> Maximum credit of 35% of employers insurance premiums is only available to those with fewer than 10 employees with wages of under \$25 k per employee. Credit completely phased-out for firms with more than 25 employees and wages above \$50 k.</li> <li>• <b>Tanning Tax:</b> 10% tax on indoor UV tanning</li> </ul>  |
| <b>2011</b> | <ul style="list-style-type: none"> <li>• <b>HSA/FSA:</b> Prevent HSA and FSA Owners from Using Funds for Over-the-Counter Medicine (Raises \$5 B)</li> <li>• <b>New Drug Tax:</b> New Tax on Brand-name Drugs (Raises \$27 B)</li> <li>• <b>W-2 Forms:</b> Requires employers to disclose the value of the benefit provided by the employer for each employee's health insurance coverage on the employee's annual W-2 Form.</li> </ul>  |
| <b>2013</b> | <ul style="list-style-type: none"> <li>• <b>Medicare Payroll Tax:</b> Increases the Medicare Payroll Tax by 0.9% to 3.8% for those with earned income above \$200 k / \$250 k joint (Raises \$86.8 B)</li> <li>• <b>New Investment Tax:</b> Impose New Tax on Investment Income of 3.8% for with income above \$200 k / \$250 k joint (Raises \$123.4 B)</li> <li>• <b>New Medical Device Tax:</b> New 2.3% Tax on Non-Retail Medical Devices (Raises \$20 B)</li> <li>• <b>FSA Limits:</b> Limit Contributions to Flexible Spending Accounts (FSAs) to \$2,500 (Raises \$13 B)</li> <li>• <b>Eliminate Deduction for Employer Expenses for Medicare Drug Subsidies</b> (Raises \$4.5 B)</li> <li>• <b>Medical Expense Deduction:</b> Raise the Threshold for Deducting Medical Expenses From 7.5% to 10% (Raises \$15.2 B)</li> </ul>   |
| <b>2014</b> | <ul style="list-style-type: none"> <li>• <b>New Individual Mandate Begins:</b> Individual must purchase insurance or face tax penalties, once fully-phased-in, of up to \$695 or 2.5% of income (whichever is greater).</li> <li>• <b>New Employer Mandate Begins:</b> Employers with more than 50 employees who do not offer insurance or who offer coverage but their employees receive a federal insurance subsidy to pay a penalty of up to \$2,000 per employee for each employee over 30 employees.</li> <li>• <b>New Insurance Subsidies Available:</b> For individual or families above the Medicaid eligibility cutoff, but below 400% of poverty (currently \$88,200 for a family of four) who are not offered or eligible for other insurance coverage, a tax credit is available to purchase insurance through the new government exchanges.</li> <li>• <b>New Annual Tax on Health Insurance Providers</b> (Raises \$60 B)</li> </ul> |
| <b>2018</b> | <ul style="list-style-type: none"> <li>• <b>New "Cadillac" Tax:</b> 40% Excise tax on High-Cost ("Cadillac") Insurance Plans (Raises \$32 B)</li> </ul>  |

## SENIORS

|             |  |
|-------------|--|
| <b>2010</b> | <ul style="list-style-type: none"> <li>• <b>Medicare Cuts to Hospitals:</b> begin for long-term care and inpatient and rehabilitation facilities</li> </ul>  |
| <b>2011</b> | <ul style="list-style-type: none"> <li>• <b>Medicare Advantage Cuts Begin</b></li> <li>• <b>Seniors Rebate:</b> \$250 check for senior who enter the prescription drug “donut hole.”</li> <li>• <b>“Doughnut Hole”:</b> Drug discounts for those in the Part D “donut hole” begin.</li> <li>• <b>Wealthier seniors (\$85k/\$170k):</b> begin paying higher Medicare Part D premiums (not indexed for inflation in Parts B/D)</li> <li>• <b>Medicare Imaging Cuts:</b> Medicare reimbursement cuts when seniors use diagnostic imaging like MRIs, CT scans, etc.</li> <li>• <b>Medicare cuts to ASCs/DME:</b> Medicare cuts begin to ambulance services, ASCs, diagnostic labs, and durable medical equipment</li> <li>• <b>Wheelchairs:</b> Seniors prohibited from purchasing power wheelchairs unless they first rent for 13 months</li> </ul> |
| <b>2012</b> | <ul style="list-style-type: none"> <li>• <b>Eliminate Deduction for Employer Expenses for Medicare Drug Subsidies</b> (Raises \$4.5 B)</li> <li>• <b>Medical Expense Deduction:</b> Raise the Threshold for Deducting Medical Expenses From 7.5% to 10% (Raises \$15.2 B)</li> <li>• <b>Hospice:</b> Medicare cuts to hospice begin.</li> <li>• <b>Dialysis:</b> Medicare cuts to dialysis treatment begins</li> </ul>   |
| <b>2014</b> | <ul style="list-style-type: none"> <li>• <b>Medicare Board:</b> Independent Payment Advisory Board begins submitting proposals to cut Medicare, will cut Medicare by \$15.5 Billion from 2015-2019, and by hundreds of billions in future years</li> </ul>   |
| <b>2015</b> | <ul style="list-style-type: none"> <li>• <b>Home Health:</b> permanent productivity cut to payment rate of home health agencies</li> </ul>   |

## INSURANCE CHANGES

|      |  |
|------|--|
| 2010 | <ul style="list-style-type: none"> <li>• <b>High-Risk Pool for Pre-existing Conditions:</b> Funding is limited and individuals may be placed on waiting lists</li> <li>• <b>Pre-existing Conditions for Children:</b> Limited protections to preclude insurance from excluding children with pre-existing conditions</li> <li>• <b>Lifetime benefit limits and annual caps:</b> Insurers prohibited from including lifetime benefit limits on policies and prohibits the use of restrictive annual limits.</li> <li>• <b>Rescissions:</b> Insurers prohibited from rescinding insurance policies.</li> <li>• <b>Cost-sharing Prohibition:</b> Cost-sharing for preventive services are prohibited.</li> <li>• <b>Dependent Coverage:</b> Insurers are required to offer dependent coverage up to age 26.</li> <li>• <b>Medical Loss Ratios:</b> Insurers must annually report on the share of premium dollars spent on medical care and provide consumer rebates for medical loss ratios determined to be “excessive.”</li> <li>• <b>Administrative/Appeals Process:</b> ERISA covered plans must establish new appeals process</li> </ul>   |
| 2011 | <ul style="list-style-type: none"> <li>• <b>CLASS ACT auto-enroll:</b> Employer auto-enrollment for the CLASS Act.</li> </ul>  |
| 2014 | <ul style="list-style-type: none"> <li>• <b>Exchanges:</b> States have to establish Exchanges no later than this date for the sale of qualified health benefits plans to individuals and small employers.</li> <li>• <b>Reinsurance and Risk Adjustment:</b> States must first institute temporary reinsurance for individual and small group and then transition to risk adjustment.</li> <li>• <b>Multi-State Plans:</b> OPM must offer at least two multi-state plans in every state that meets the requirements of the exchange and have a separate risk pool from the FEHBP.</li> <li>• <b>Federal Standards for Insurance:</b> Insurance plans must include federally dictated essential benefits and coverage levels (Bronze, Silver, Gold, and Platinum).</li> <li>• <b>Guaranteed Issue and Renewability:</b> Insurers must offer coverage to anyone wanting a policy and every policy has to be renewed.</li> <li>• <b>Pre-Existing Conditions:</b> Insurers cannot impose any pre-existing condition exclusion.</li> <li>• <b>Community Rating:</b> Insurers in the individual or small group markets cannot vary premiums except: individual or family coverage; geography; 3 to 1 for age; 1.5 to 1 for smoking.</li> <li>• <b>New Individual Mandate Begins:</b> Individual must purchase insurance or face tax penalties, once fully-phased-in of up to \$696 or 2.5% of income (whichever is greater).</li> <li>• <b>New Employer Mandate Begins:</b> Employers with more than 50 employees who do not offer insurance or who offer coverage but their employees receive a federal insurance subsidy to pay a penalty of up to \$2,000 per employee for each employee over 30 employees.</li> <li>• <b>New Insurance Subsidies Available:</b> For individual or families above the Medicaid eligibility cutoff, but below 400% of poverty (currently \$88,200 for a family of four) who are not offered or eligible for other insurance coverage, a tax credit is available to purchase insurance through the new government exchanges.</li> </ul> |
| 2016 | <ul style="list-style-type: none"> <li>• <b>State Compacts:</b> States, with Secretary approval, may begin compacts if the coverage is at a minimum equal to the essential benefits package, there are limitations on cost-sharing, it covers the same number of people, and does not increase the federal deficit</li> </ul>  |
| 2017 | <ul style="list-style-type: none"> <li>• <b>Large Group Market:</b> States may allow large group insurers to sell in the exchange.</li> <li>• <b>Waiver for State Innovation:</b> States may apply to the Secretary for a limited waiver from certain federal requirements.</li> </ul>   |
| 2018 | <ul style="list-style-type: none"> <li>• <b>New “Cadillac” Tax:</b> 40% Excise tax on High-Cost (“Cadillac”) Insurance Plans (Raises \$32 B)</li> </ul>  |

## HEALTH CARE PROVIDERS

|             |  |
|-------------|--|
| <b>2010</b> | <ul style="list-style-type: none"> <li>• <b>Medicare Cuts to Hospitals:</b> begin for long-term care and inpatient and rehabilitation facilities</li> <li>• <b>Hospitals in "Frontier States":</b> (ND, MT, WY, SD, UT ) receive higher Medicare payments</li> <li>• <b>Hospitals in low cost areas:</b> will receive higher Medicare payments for 2 years (\$400m)</li> </ul>   |
| <b>2011</b> | <ul style="list-style-type: none"> <li>• <b>Physician-Owned Hospitals:</b> Prohibition on Medicare payments to new physician-owned hospitals</li> <li>• <b>Nursing Home and Inpatient Rehab Facilities:</b> Additional Medicare cuts to hospitals and new cuts to nursing homes and inpatient rehab facilities begin.</li> <li>• <b>Medicare Imaging Cuts:</b> Medicare reimbursement cuts when seniors use diagnostic imaging like MRIs, CT scans, etc.</li> <li>• <b>Medicare cuts to ASCs/DME:</b> Medicare cuts begin to ambulance services, ASCs, diagnostic labs, and durable medical equipment</li> <li>• <b>Physicians in "Frontier States":</b> (ND, MT, WY, SD, UT ) receive higher Medicare payments</li> </ul> |
| <b>2012</b> | <ul style="list-style-type: none"> <li>• <b>Hospital Quality:</b> hospital pay-for-quality program begins</li> <li>• <b>Hospitals Readmission:</b> Medicare cuts to hospitals with high readmission rates begin</li> <li>• <b>Hospice:</b> Medicare cuts to hospice begin</li> <li>• <b>Dialysis:</b> Medicare cuts to dialysis treatment begins</li> </ul>  |
| <b>2014</b> | <ul style="list-style-type: none"> <li>• <b>Medicare Board:</b> Independent Payment Advisory Board begins submitting proposals to cut Medicare, will cut Medicare by \$15.5 Billion from 2015-2019, and by hundreds of billions in future years</li> </ul>   |
| <b>2015</b> | <ul style="list-style-type: none"> <li>• <b>Home Health:</b> permanent productivity cut to payment rate of home health agencies</li> </ul>   |