



2010 FEDERAL HEALTH REFORM PROVISIONS EFFECTIVE IN 2010

President Obama signed comprehensive health reform, the Patient Protection and Affordable Care Act on March 23, and the Health Care and Education Reconciliation Act of 2010, on March 30, 2010.

This fact sheet summarizes the provisions related to the changes that go into effect in 2010 that are of primary interest to counties.

Insurance Reforms

- Establishes a temporary national high-risk pool to provide health coverage to individuals with pre-existing medical conditions. Effective 90 days following enactment and remains in effect until January 1, 2014.
- Provides dependent coverage for adult children up to age 26 for all individual and group policies.
- Prohibits individual and group health plans from placing lifetime limits on the dollar value of coverage. Prohibits insurers from rescinding coverage except in cases of fraud and prohibit pre-existing condition exclusions for children.
- Requires qualified health plans to provide at a minimum coverage without cost-sharing for preventive services rated A or B by the U.S. Preventive Services Task Force, recommended immunizations, preventive care for infants, children, and adolescents, and additional preventive care and screenings for women.
- Provides tax credits to small employers with no more than 25 employees and average annual wages of less than \$50,000 that provide health insurance for employees.
- Creates a temporary reinsurance program for employers providing health insurance coverage to retirees over age 55 who are not eligible for Medicare. Effective 90 days following enactment until January 1, 2014.
- Requires health plans to report the proportion of premium dollars spent on clinical services, quality, and other costs and provide rebates to consumers for the amount of the premium spent on clinical services and quality that is less than 85 percent for plans in the large group market and 80 percent for plans in the individual and small group markets. Requirement to report medical loss ratio effective plan year 2010.
- Establishes a process for reviewing increases in health plan premiums and require plans to justify increases. Require states to report on trends in premium increases and recommend whether certain plans should be excluded from the Exchange based on unjustified premium increases.

Medicaid

- Increases the Medicaid drug rebate percentage for brand name drugs to 23.1 percent; increase the Medicaid rebate for non-innovator, multiple source drugs to 13 percent of average manufacturer price; and extend the drug rebate to Medicaid managed care plans.

- Provides funding for and expands the role of the Medicaid and CHIP Payment and Access Commission to include assessments of adult services (including those dually eligible for Medicare and Medicaid).

Medicare

- Provides a \$250 rebate to Medicare beneficiaries who reach the Part D coverage gap in 2010 and gradually eliminate the Medicare Part D coverage gap by 2020.
- Expands Medicare coverage to individuals who have been exposed to environmental health hazards from living in an area subject to an emergency declaration made as of June 17, 2009 and have developed certain health conditions as a result.
- Improves care coordination for dual eligibles by creating a new office within the Centers for Medicare and Medicaid services, the Federal Coordinated Health Care Office.
- Reduces annual market basket updates for inpatient hospital, home health, skilled nursing facility, hospice and other Medicare providers, and adjust for productivity.
- Bans new physician-owned hospitals in Medicare, requiring hospitals to have a provider agreement in effect by December 31; limits the growth of certain grandfathered physician-owned hospitals.

Workforce

- Establishes the Workforce Advisory Committee to develop a national workforce strategy.
- Increases workforce supply and support training of health professionals through scholarships and loans.
- Establishes Teaching Health Centers to provide Medicare payments for primary care residency programs in federally qualified health centers.