



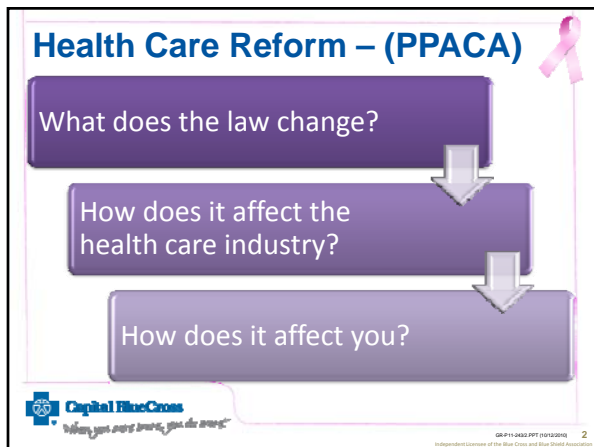
HEALTH CARE REFORM

A Closer Look at the Patient Protection and Affordable Care Act (PPACA)



When you care more, you do more.

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Health Care Reform – (PPACA)

What does the law change?

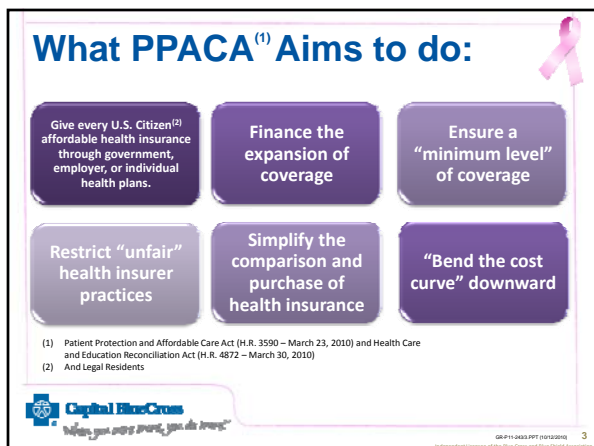
How does it affect the health care industry?

How does it affect you?



When you care more, you do more.


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What PPACA ⁽¹⁾ Aims to do:

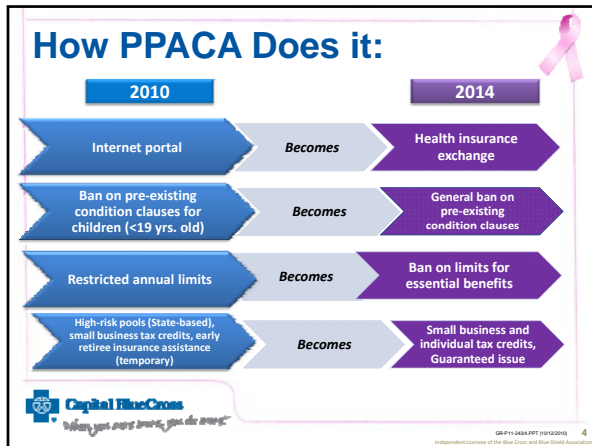
- Give every U.S. Citizen⁽²⁾ affordable health insurance through government, employer, or individual health plans.
- Finance the expansion of coverage
- Ensure a “minimum level” of coverage
- Restrict “unfair” health insurer practices
- Simplify the comparison and purchase of health insurance
- “Bend the cost curve” downward

(1) Patient Protection and Affordable Care Act (H.R. 3590 – March 23, 2010) and Health Care and Education Reconciliation Act (H.R. 4872 – March 30, 2010)
(2) And Legal Residents



When you care more, you do more.

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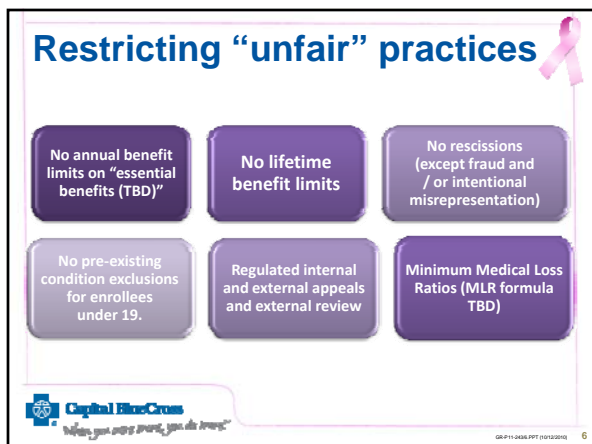
Implementation 2010 / 2011 (Wave I)

Key Questions:

- Do you have individual or group coverage?
- Is your group self or fully insured?
- Is your plan "grandfathered" ?

- No annual benefit limits on "essential benefits (TBD)".
- No lifetime benefit limits.
- No rescissions (except for fraud and / or intentional misrepresentation).
- Coverage for adult children up to age 26.
- Minimum medical loss ratios (formula TBD).
- No pre-existing condition exclusions for enrollees under 19 .
- No cost sharing for preventive care and immunizations.
- Direct access to certain providers (pediatrician, gynecologist, or obstetrician).
- Limits on emergency service cost sharing.
- Regulated internal appeals and external review (details TBD).

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“Minimum” coverage

- No cost sharing for preventative care and immunizations
- Direct access to certain providers (pediatrician, gynecologist, or obstetrician)
- Limits on emergency service cost sharing
- HHS to define “essential benefits”

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Age 26 Dependents

Self Insured Groups

Small Insured Groups and Individuals

Large Insured Groups

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Small Biz Tax Credits

| WHO: | WHAT: | WHEN: |
|-----------------------|-------------------------------|---------------------------|
| < 10 employees | Tax Credit phases out quickly | 35% for 2010-2013 |
| < \$25,000 | | Reaches 50% in 2014 |
| 2M small biz eligible | | Ends two years after 2013 |

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Small Biz Tax Credits

Health Care Reform Tax Credit Calculator

✘ means that you do not meet the RFD requirements to receive a credit.
 ✔ means that you do meet the RFD requirements to receive a credit.

Basic Company Size Details

Number of eligible FTE employees: ✔

W2 Wages for all employees: ✔

Did you contribute more than 50% towards the costs of your employees' health insurance: Yes ✔

Premiums Details

Total Premiums: ✔

Amount you paid toward the Premiums: ✔

Calculated Tax Credit

| | |
|---|------------|
| Percent of annual premium qualifying for credit | \$5,000.00 |
| Maximum Credit Amount Available | \$1,750.00 |
| Your Credit | \$1,750.00 |

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Early Retiree Reimbursement

Reimburse employers for some early retiree health benefits

\$5 billion

Employers take the lead

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Medicare Part D Donut Hole

| | Current Benefit | 2020 Benefit |
|------------------------|--|--|
| Deductible | Upfront Drug Deductible | Upfront Drug Deductible |
| Initial Coverage Phase | Plan pays 75% Member pays 25% | Plan pays 75% after deductible Member pays 25% until Initial Coverage Out-of-Pocket Limit |
| Donut Hole | No coverage phase Catastrophic Coverage Trigger Point Includes deductible and any copays | |
| Catastrophic Coverage | Donut Hole ends Drug plan pays most costs for rest of year | Spend > Catastrophic Trigger = end of Donut Hole Drug plan pays most costs for rest of year |

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Grandfathering

"If you like your coverage you can keep it"

The "promise"

If you like your coverage, you can keep it

The reality

Benefits of grandfathering are limited

Most will lose grandfathering status

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Second Act

2014 and Beyond

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The Good

The Bad

The Ugly

- More health coverage for more Americans
- Some pilot programs aimed at "bending the cost curve"

- Individual mandate:** penalties for failure to purchase insurance are less than cost of coverage
- Minimal focus on the underlying drivers of health care costs


- Compliance effort is expansive, confusing, and costly
- Significant taxes
- Few initiatives to meet new demands on primary care

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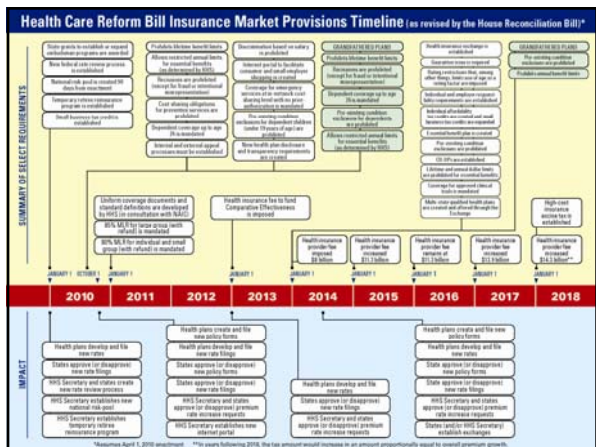
The Ugly

2014 and beyond – Wave III?

- ✓ Beware of “jumpers and dumpers”
- ✓ Costs will continue to rise ... unless we do more
 - Expand some of the pilot programs
 - Medical malpractice reform
- ✓ Clarifying regulations (?)
- ✓ Mitigation of tax on “Cadillac” Plans




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Capital BlueCross Outreach


The screenshot shows a website with a video player featuring Aj Abraham, Laurie McGowan, and Jennifer Schultz. There are three hand-drawn circles: a green one around the 'Learn About Health Care Reform' section, a red one around the 'Health Care Reform Basics' navigation menu, and a black one around the 'Health Care Reform Basics' content area.



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Suggestions


- ✓ Don't kill the messenger
- ✓ Embrace change
- ✓ Consult your attorney and accountant
- ✓ Look for guidance:
 - Your health plan
 - Your broker / benefits consultant
 - Your Chamber
 - The media
 - HHS and CMS



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Suggestions (continued)

- ✓ Take advantage of preventative health services mandate:
 - Lobby for an A and B rating with the United States Preventative Services Task Force or for
 - Women's health services recommended by the Health Resources and Services Administration
- ✓ Spread the word:
 - Direct access to obstetrical and gynecological services
 - The right to an external appeal



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Prevalence of Breast Cancer

Capital BlueCross population

Females:


| Age Range | 2010 | 2009 | 2008 |
|--------------|--------------|--------------|--------------|
| 20 - 49 | 0.56% | 0.58% | 0.54% |
| 50 - 64 | 2.72% | 2.72% | 2.63% |
| 65+ | 4.37% | 4.45% | 4.65% |
| Total | 1.71% | 1.70% | 1.63% |

Males:

| Age Range | 2010 | 2009 | 2008 |
|--------------|--------------|--------------|--------------|
| 20 - 49 | 0.00% | 0.10% | 0.10% |
| 50 - 64 | 0.20% | 0.20% | 0.30% |
| 65+ | 0.30% | 0.30% | 0.50% |
| Total | 0.10% | 0.10% | 0.20% |

Mammogram utilization (paid claims - female)

| Age Range | 2010 ⁽¹⁾ | 2009 | 2008 |
|--------------|---------------------|--------------|--------------|
| 20 - 49 | 13.6% | 19.7% | 19.2% |
| 50 - 64 | 34.1% | 49.1% | 47.8% |
| 65+ | 56.1% | 86.2% | 82.1% |
| Total | 34.6% | 51.7% | 49.7% |



⁽¹⁾ For nine months (through September)

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