

● ● ● | What Health Care
Reform Means to
CWA Retirees





Agenda

- Brief Timeline of Health Care Reform and Pathway to (Near-) Universal Coverage
- Reforms for Medicare Retirees
- Reforms for Early Retirees
- Protections for All of Us
- How We Pay for Reform



Timeline of Key Changes

○ 2010-2013:

- Extend coverage to adult children to age 26
- Cover children with pre-existing conditions
- Eliminate lifetime dollar limits
- Raise annual limits to \$2,000,000
- Provide tax credits for small business
- Provide annual summary of benefits
- Report total plan costs on W2 forms
- Cap FSA contributions at \$2,500 / year
- Increase Medicare tax on \$200,000+
- Tax unearned income for high earners



Timeline of Key Changes

○ 2014:

- Coverage for all with pre-existing conditions
- No annual limits
- Medicaid eligibility expanded, but SCOTUS allows states to opt out
- Health Insurance Exchanges operational
- Individuals must obtain coverage

○ 2018:

- Excise tax on high-cost plans assessed

The Pathway to (Near) Universal Coverage

Large Employers: “Play or Pay” (>50 FT)

- Offer affordable coverage or face penalty

Small Employers: Incentives

- Small Business Health Options Program (“SHOP”) Exchange (<50 or 100)
- Tax credits (<25)

Individuals: Must obtain coverage

- Private Insurance via Exchange
- Subsidies for those at <400% poverty level
- Medicaid expansion





Reforms for Medicare Retirees

Medicare Donut Hole



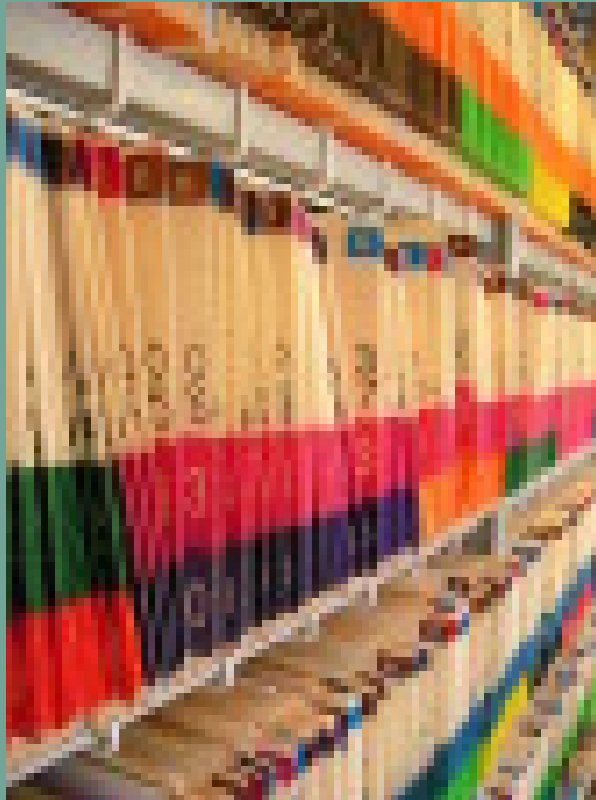
- 2014: 52.5% subsidy for brand-name drugs and 28% subsidy for generics
- 2015: 55% discount for brand-names and 35% for generics
- 2017: 60% subsidy for brand-names and 49% on generics
- By 2020, the doughnut hole will be completely eliminated

Preventive Services & Improved Care

- Since 2011, seniors in Medicare receive free Wellness Visits
- Co-pays and deductibles are eliminated for mammograms, colonoscopies and other preventive screenings
- In 2012, 34.1 million on Medicare benefited from Medicare's coverage of preventive services with no cost sharing
- Doctors to coordinate care under Accountable Care Organizations



Medicare Advantage



- Phases out 14% overpayment to Medicare Advantage.
- Premiums reduced 16% since enactment in 2011.
- High quality plans to receive \$\$\$.
- MA plans cannot charge higher deductible than original Medicare.
- MA plans must spend 85% of premiums on patient care, instead of profits.



Medicare Fraud & Abuse

- Increases funding for the Health Care Fraud and Abuse Control Fund by \$250 million over 10 years
- Streamlines Medicare prepayment reviews to facilitate additional reviews
- Adopts a 90-day period of enhanced oversight and payment withholding in cases where the HHS Secretary identifies a significant risk of fraud among DME suppliers
- Establishes new requirements for community mental health centers that provide Medicare partial hospitalization services



Reforms for Early Retirees

Reforms for Early Retirees

- Individual Market:

Age-rating band limits in state-based exchanges.

- Large Employer Plans:

Early retiree reinsurance program.





Individual Coverage: Pre-Medicare Retirees

- Affordable, quality coverage for pre-Medicare retirees is challenging.
- The ACA limits the amount insurers can charge in the state exchange markets based on age – 3:1 versus the current 5:1.
- Retirees would be eligible for the exchange subsidies, like all Americans.

Early Retiree Reinsurance Program

- Reimbursed plans for a portion of the cost of health benefits for early retirees.
- Many CWA employers received funding:

- AT&T: \$214 million
- Avaya: \$8.7 million
- Frontier: \$460,000
- Lucent: \$42 million
- Qwest (CenturyLink): \$24 million
- Verizon: \$163 million

- The program has spent all allocated money; no more funding is currently available.





Protections for All of Us

Elder Justice Act & Nursing Home Transparency

- Background checks on individuals applying for jobs in nursing home or home care agencies receiving federal funds
- Nursing homes to disclose owners, operators, suppliers, financiers and others with whom they do business
- Simplifies procedure to file a complaint against a nursing home
- Provides additional funding:
 - \$400 million Adult Protective Services
 - \$32.5 million Long-term Ombudsman Program
 - \$67.5 million staff training





Insurance Market Reforms Protect Consumers

- Can no longer drop individuals when they become ill
- Bans lifetime limits on coverage
- Bans annual limits on coverage
- Prohibits discrimination against people with pre-existing conditions
- Provide first dollar coverage of preventive care
- Include internal and external appeals processes



Individual Coverage: Subsidies Available

- Subsidies available for Americans up to 400% of the FPL -- **\$92,200 for a family of 4.**
- Subsidies cap premiums as a percentage of income, on a sliding income scale.
- For lowest wage, premiums capped at 2% of income. Additional subsidies for out of pocket costs also available.
- Total average subsidy of \$5,000/family (CBO).



Individual Coverage: Medicaid Expansion

- Medicaid expansion (if adopted) increases eligibility to 133% of FPL
- Supreme Court decision gives states the option of opting out of expansion.

2013 Federal Poverty Levels		
HH Size	100%	133%
1	\$11,490	\$15,282
2	\$15,510	\$20,628
4	\$23,550	\$31,322



How We Pay for Reform

Main Revenue Source: Medicare Tax on Wealthy

Figures in billions of dollars

Excise Tax on Tanning Services

\$3

Tax Change for Medicare Part D Subsidy

\$5

Penalties on Individuals for Non-Coverage

\$17

Excise Tax on High Cost Health Plans

\$32

Penalties on Employers not Providing Coverage

\$52

Taxes and Fees on Drug Companies, Device Makers and Insurance Companies

\$107

Medicare Taxes for High Income Earners

\$210

New 0.9% Medicare tax on wages over \$200,000/\$250,000.

Plus

For the first time, a 3.8% Medicare HI tax applied to unearned income for those with incomes over \$200,000/\$250,000.



Summary

- Lots of changes from reform
- Changes to Medicare improve prevention and drug benefits
- Reinsurance fund for early retirees intended to secure coverage, but now out of money
- Coverage in individual market will be more affordable for retirees
- Other provisions put in place access to affordable coverage for seniors and others

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- **From CWA:**

- www.cwa-union.org/healthcare

- **From the Department of Health & Human Services**

- www.healthcare.gov

