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.

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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
For more information:

- From CWA:
  - www.cwa-union.org/healthcare

- From the Department of Health & Human Services
  - www.healthcare.gov