

Understanding Healthcare Reform

PART SEVEN



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The most significant impact of Healthcare Reform will not take effect until 2014. However, numerous changes and triggers will happen in 2012. In particular there are several dates this year that you will want to keep in mind:

January 1st:

Groups of healthcare providers will begin banding together forming Accountable Care Organizations (ACO's) to treat Medicare participants. Physicians, hospitals, and other healthcare organizations will receive financial rewards from the Medicare system if they can demonstrate lower costs, and improved patient outcomes. Today, 30% of Medicare patients are readmitted within 30 days of being discharged from the hospital. One of the goals of ACO's is to improve care and efficiency in an effort to help curtail the trend of re-admission.

March 26th -28th:

The Supreme Court will hear oral arguments to determine if the individual mandate is constitutional and if not, can the rest of the law stand if the mandate is deemed to be unconstitutional. As with other Supreme Court hearing, the justices' questions may provide clues to their leanings. However, the Court's ruling will not be known until the latter part of June.

June 1st:

One of the biggest impacts of this year will happen in June. The Medical Loss Ratio or MLR requires all health insurance companies to spend at least 80% to 85% of premiums, based upon group size, on direct medical care or quality improvement. Insurance companies who don't comply with the MLR must provide rebates to policyholders. These rebates will begin in June and must be issued by August.

October 1st:

A series of changes to standardize billing will take effect. These new rules will

require health plans to adopt and implement systems for the secure and confidential exchange of health information.

In addition the Value Based Purchasing program (VBP) will take effect. The VBP is designed to improve the quality of patient care by linking provider payments to the cost and quality of care they provide. The higher the quality of care provided, the higher the reimbursement to the provider. Hospitals will also be penalized if patients are re-admitted for illnesses that could have been prevented during a previous admission.

November 6th:

The general election could lead to sweeping changes in the White House, Congress and the healthcare reform law itself. If Republicans gain control of the Presidency and Congress, substantial changes to the law or an outright repeal may occur. If Democrats retain control of the White House and Congress, much of the law will remain unchanged depending of what decisions are made by the Supreme Court in June.

December 31st:

By the end of the year, states must report on the progress they have made in preparation for the 2014 launch of state run Health Insurance Exchanges. If the Federal Government feels that not enough progress has been made, they may opt to step in to help move the process forward.

Regardless of your stance on Healthcare Reform, as a business owner or health plan member, now more than ever, proper planning and guidance is of the utmost importance. If you would like more information regarding the changes to Healthcare Reform, or would like to attend our upcoming Healthcare Reform Seminar, please feel free to give us a call. At Pacific Coast Benefits, we are here to help navigate healthcare reform.