How Healthcare Reform Affects You and Your Company

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Approximately One Year Ago Paypro Conducted a Healthcare Summit

**We Predicted:**

- That Public Option Was Dead
- Companies Will Remain a Major Channel for Health Coverage
- Cost Curve Will Not Bend Downwards First 3-5 Years
- Status Quo Will Become Unsustainable
Patient Protection & Affordable Care Act

Signed into law by President Obama on March 23, 2010

The most sweeping healthcare reform legislation since the adoption of Medicare on July 30, 1965

The bill is over 1,000 pages and deploys between 2010 and 2018 with most changes occurring by 2014
Organizing Principles & Objectives of PPACA

- Increasing number of insured’s is a social good and economic priority
- Private sector insurers are central to US healthcare system
- Employers remain a primary channel for insurance acquisition
- Access to care must be increased
- Health care costs must be reduced
Healthcare Reform is Dynamic!

_Forces Shaping Implementation:_

- Legislative, Federal & State Repeal/Amendment
- Legal Challenges
- Private Sector Adaptation
Legislative Highlights

The Impact On You

The Impact On Your Company
Legislative Highlights
The Impact On You
2010

- Early retirement (ages 55-65) health insurance options
- Insurance Options for pre-existing conditions/ final elimination 2014
- Young adults can stay on parents’ plan until 26
- No deductible or co-pays/co-insurance on certain procedures
- Life time policy limits for essential services banned (plans after September 23, 2010)
- “Underwriting” claims prohibited
Legislative Highlights
The Impact On You

2011

✓ Group insurers must spend 85% of premium dollars on actual healthcare services

✓ FSA, HRA and HSA payments for over the counter drugs banned (except insulin)
Legislative Highlights
The Impact On You

2014

✓ Individual coverage mandates begin
✓ All annual dollar limits will be banned (individual/group)
✓ If coverage not available through employer/purchase through exchanges
✓ Employee voucher provided by employers
✓ Expansion of Medicaid enrollment eligibility
✓ Individual tax credits
✓ Annual limits banned
Legislative Highlights
Your Company’s Response to PPACA

- Dramatically Impact Costs
- Significantly Shape Benefits Provided
- Influence Competition for Talent
- Help Define Company Culture
Legislative Highlights
The Impact On Your Company

2010

- Small employers eligible for tax credit (up to 35%)
- Early Retiree Reinsurance subsidies begin
2011

- Disclosure of health insurance value of W2s (as of January 2011)
- Insurer Loss Ratio 85% (Large Group)
- Insurer Loss Ratio 80% (Small Group)
Legislative Highlights
The Impact On Your Company

2012

1099 required for any vendor/rental property above $600.00

2013

Medicare tax increased to 2.35%
(ind. $200,000 or couples above $250,000)
3.8% on un-earned income
Legislative Highlights
The Impact On Your Company

2014

✓ $2,000 per full time employee penalty for each employee if coverage is not provided
✓ Penalty of $95 for individual/$285 for family or 1% of income for those who do not secure coverage
✓ Penalty increases in 2016
✓ Employers with health plans must supply vouchers
Strategic Options

- ✔ Non-Provider
- ✔ Discounter
- ✔ Provider
What Should Your Company Do?

✓ Opt-Out of Healthcare
✓ Cling to the Status Quo
✓ Take Control/Innovate
An Innovative Response to PPACA
Should Include:

- Multi-Year Planning
- Zero Risk Self Insurance Strategies
- Employee Involvement
- Administrative Efficiencies
Assets Required for Innovation

To Produce Savings & Administrative Efficiencies:

- Consultative Support
- Access to All Major Carriers
- Innovative Design FSA/HRA/HSA/HDHP
- Administrative Platforms Integrated with Payroll
- Self-Service Portals
- Carrier Connect
- Dedicated Benefits Rep
Your Next Step
A Recommendation:
A Paypro Impact Analysis

Objective of the Paypro Impact Analysis

Develop a Comprehensive Multi-Year Strategy to Contain Costs & Preserve Benefits