THINKING AHEAD

HEALTHCARE REFORM – PAST, PRESENT AND FUTURE

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Presented by:
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HOLMES MURPHY & ASSOCIATES

As a shareholder and key player in Holmes Murphy's Employee Benefits Division, Boychenko is dedicated to providing creative solutions and tools her clients need to design their employee benefit plans. A native of Ukraine and fluent in three languages, she has the skills necessary to communicate and implement employer sponsored benefits and initiatives to diverse organizations.
Boychenko specializes in healthcare data analysis, healthcare reform and legal compliance, cutting edge wellness programs as well as a full suite of employer sponsored benefit programs. Boychenko is also a Holmes Murphy shareholder.

Boychenko joined the Employee Benefits Division of Holmes Murphy in 2006. Prior to joining Holmes Murphy, she worked for Wells Fargo in Consumer and Business account management where she held a variety of advisory capacities involving life and health, investments and business financial services.

Boychenko is a frequent speaker on Health Care Reform topics at the local & regional industry events. She also enjoys teaching Employee Benefits to the graduate students at Drake University as an Adjunct Professor. Boychenko earned her bachelor's degree in Finance and her Master's in Business Administration at Drake University. In addition, she holds her Certified Employee Benefit Specialist (CEBS), Group Benefits Associate (GBA), and Retirement Plan Associate (RPA) designations.

WE MAKE A DIFFERENCE BY:

PROMOTING HEALTH

PROTECTING WEALTH

DELIVERING PEACE OF MIND

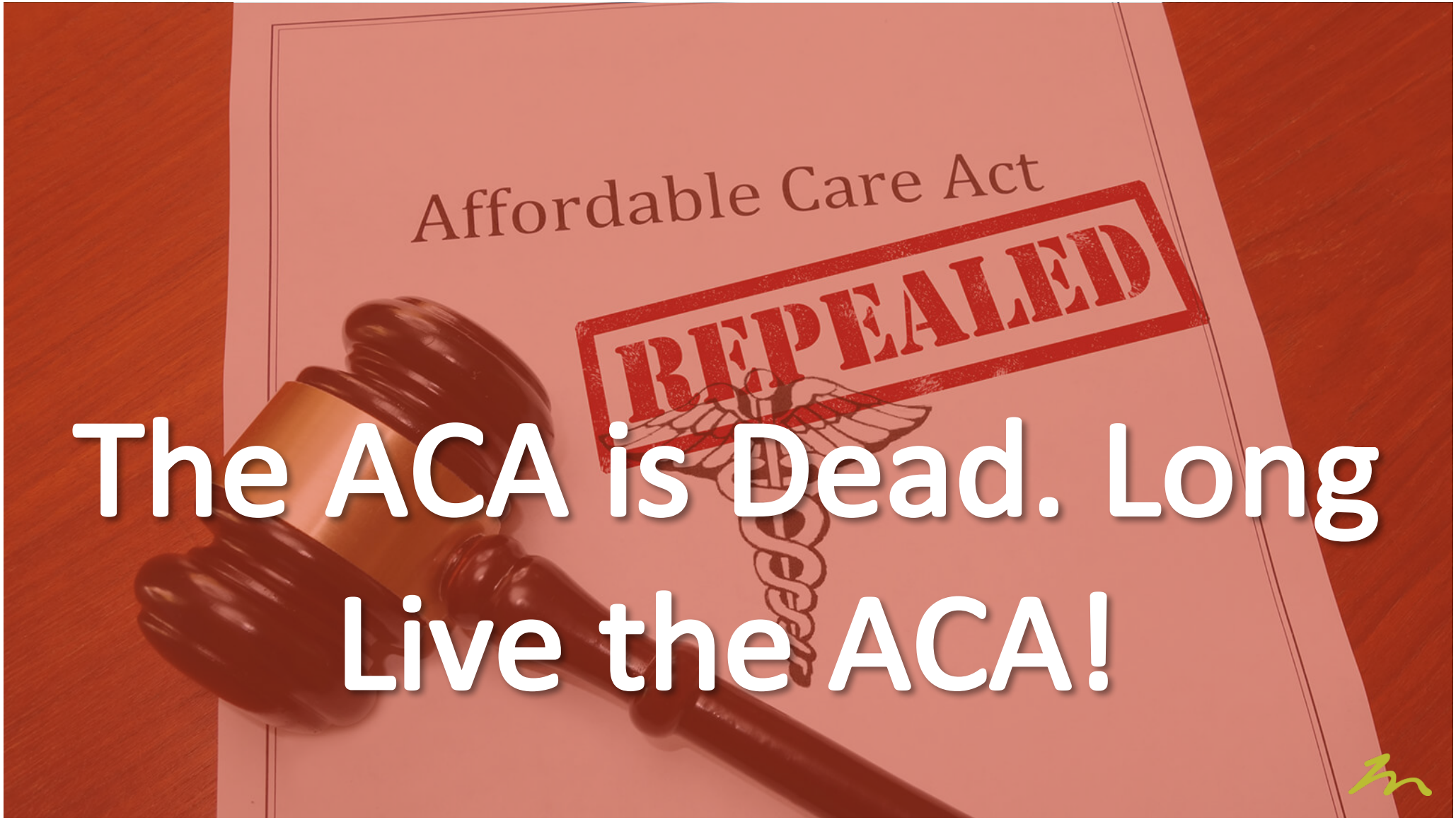
DISCLAIMER

Holmes Murphy doesn't engage in the practice of law, meaning we provide neither legal advice nor legal opinions.

While Holmes Murphy strives to help our clients maintain compliance with all laws relating to employee benefits, the information contained in this presentation is not and should not be construed to constitute legal advice.

AGENDA

- Political Landscape
- US Health System Comparisons
- The Past of Health Care Reform
- The Future of Health Care Reform
- ACA Reporting Recap and Future Outlook
- Questions and Answers



The ACA is Dead. Long Live the ACA!

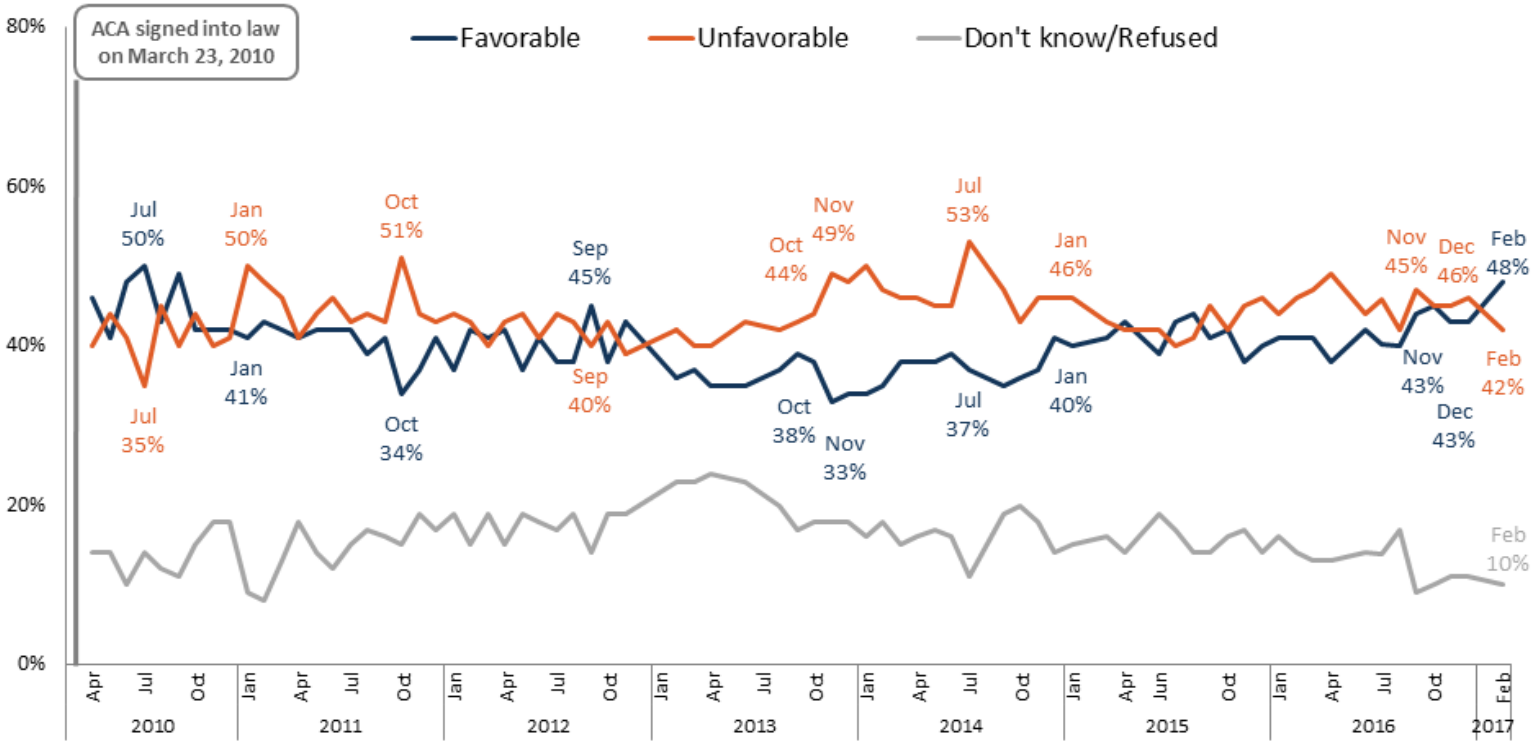
AFFORDABLE CARE ACT TIMELINE

2010	2011	2013	2014	2015
Health plans that provide dependent coverage must make coverage available for dependents up to age 26	Medical loss ratio (MLR) rules apply to health insurer premium spending. Insurers with excessive ratios must pay consumer rebates each year starting in 2012	Improvements on HIPAA's electronic transaction rules start to be phased in	Individuals must obtain health insurance coverage or pay a penalty (some exemptions apply)	Applicable large employers with 100 or more FT and FTE employees must offer affordable, minimum value coverage to FT employees and their dependents or pay a penalty
Uninsured individuals with pre-existing conditions can obtain health insurance through a high-risk health insurance pool program	Employers must report health coverage costs on Form W-2 (optional for 2011; mandatory for later years; optional for small employers until further guidance)	Employers must provide a notice to employees regarding the insurance exchanges by Oct. 1, 2013	Health insurance Exchanges are available for individuals and small employers to purchase coverage	The employer shared responsibility rules will generally apply to employers with 50-99 FT and FTE employees starting in 2016
HHS established a website for individuals to identify affordable health insurance options in their state (www.healthcare.gov)	OTC medicine and drugs are "qualified medical expenses" for HSAs, FSAs and HRAs only if prescribed (except insulin)	Medicare Part D subsidy deduction eliminated	Health insurance companies may not discriminate against individuals based on health status	Limit on salary reduction contributions to health FSAs increases to $2,550, effective for plan years beginning on or after Jan. 1, 2015.
Early retiree reinsurance program provides reimbursement for a portion of the cost of providing health coverage for early retirees. Program was available for claims incurred before Jan. 1, 2012	Simple cafeteria plan provides small businesses with an easier way to sponsor a cafeteria plan	Income threshold for claiming itemized deduction for medical expenses increased	Health care tax credits available for eligible individuals with income below a certain threshold who purchase Exchange coverage	**2016**
Lifetime dollar limits on essential health benefits are prohibited. Annual dollar limits were restricted until 2014, when all annual dollar limits on essential health benefits are prohibited	Medicare Part D drug discounts start to be phased in for beneficiaries in the "donut hole" until the coverage gap is filled in 2020	Medicare hospital insurance tax rate for high wage workers increased	Health insurance providers fee and reinsurance fee take effect and increase annually (reinsurance fee effective 2014-2016) (providers fee will not be collected in 2017)	All applicable large employers must offer affordable, minimum value coverage to FT employees and their dependents or pay a penalty
Pre-existing condition exclusions are eliminated for children under age 19	Penalty tax increases on withdrawals from HSAs (prior to age 65) and Archer MSAs not used for qualified medical expenses	Medical device excise tax established (suspended for two years, in 2016 and 2017)	Health plans cannot impose waiting periods longer than 90 days	**2020**
Non-grandfathered health plans must cover certain preventive care services without cost-sharing	Free annual wellness visit for Medicare beneficiaries and elimination of cost sharing for preventive care services	Salary reduction contributions to health FSAs are limited to $2,500	No limits on annual dollar value of essential health benefits	High-cost plan excise tax established in 2020
Rescissions are prohibited in most cases; plan coverage may not be retroactively cancelled without prior notice to the enrollee	**2012**	By Dec. 31, 2013, employers must certify compliance with certain HIPAA transactions (deadline extended to Dec. 31, 2015)	Reforms related to the allocation of insurance risk through reinsurance, risk corridors and risk adjustment become effective	
Fully insured group health plans must satisfy nondiscrimination rules regarding participation and benefit eligibility (delayed until future regulations are issued)	Plans must provide SBC with the open enrollment period or plan year beginning on or after Sept. 23, 2012 (depending on type of enrollment)		Pre-existing condition exclusions prohibited for all enrollees	
Plans and issuers must adopt an improved internal claims and appeals process and comply with external review requirements (some rules were delayed until plan years beginning on or after Jan. 1, 2012)	For plan years beginning on or after Aug. 1, 2012, plans and issuers must cover additional preventive care services for women without cost-sharing. Exceptions to contraceptive coverage apply to religious employers		Insured plans in the small group and individual market must provide comprehensive benefits coverage (does not apply to grandfathered plans)	
First phase of the small business health care tax credit	For plan years ending on or after Oct. 1, 2012, issuers and self-insured health plans must pay PCORI fees		Some non-grandfathered health plans subject to cost-sharing limits (annual deductible limit repealed)	
Rebates for the Medicare Part D "donut hole" sent to eligible enrollees			Second phase of small business tax credit	

Figure 2

More Americans Now Have a Favorable View of the Health Care Law than Have an Unfavorable View

As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?



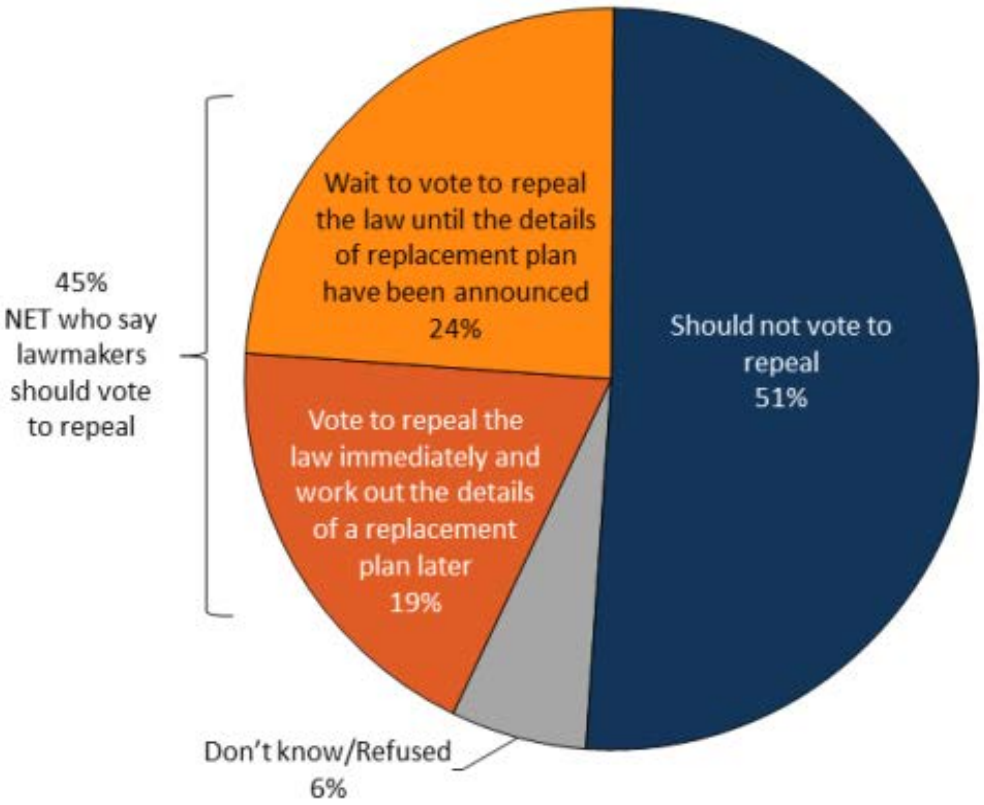
NOTE: Data not collected for Dec 2012, Jan 2013, May 2013, Jul 2013, Aug 2014, Feb 2015, May 2015, Jul 2015, May 2016, and Jan 2017.
SOURCE: Kaiser Family Foundation Health Tracking Polls

THE HENRY J. KAISER FAMILY FOUNDATION

Figure 4

Americans Divided on ACA Repeal and Replacement

Percent who say they would like to see lawmakers do each of the following with the 2010 health care law:



SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted March 6-12, 2017)

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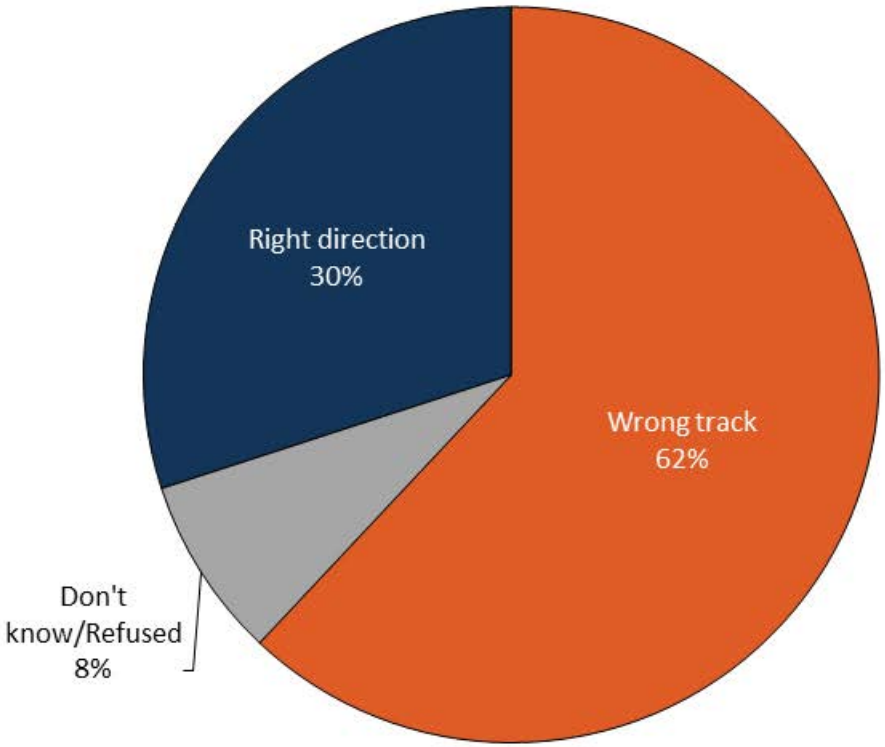
Figure 1

Six in Ten Say When It Comes to Health Care, Things in U.S. Have Gotten Off on the Wrong Track

When it comes to health care, do you feel things in this country are generally going in the right direction or do you feel things have pretty seriously gotten off on the wrong track?



SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted February 13-19, 2017)

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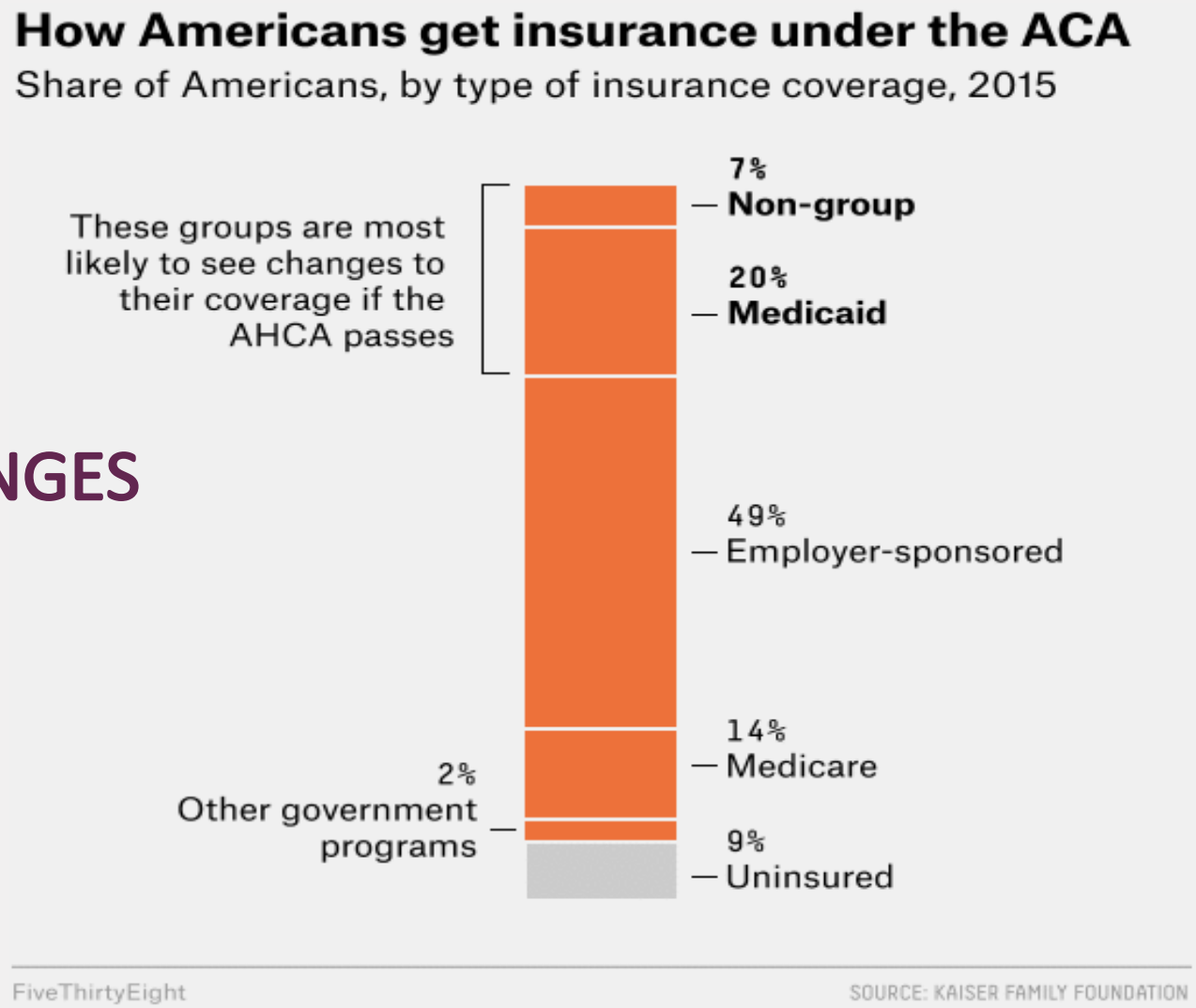
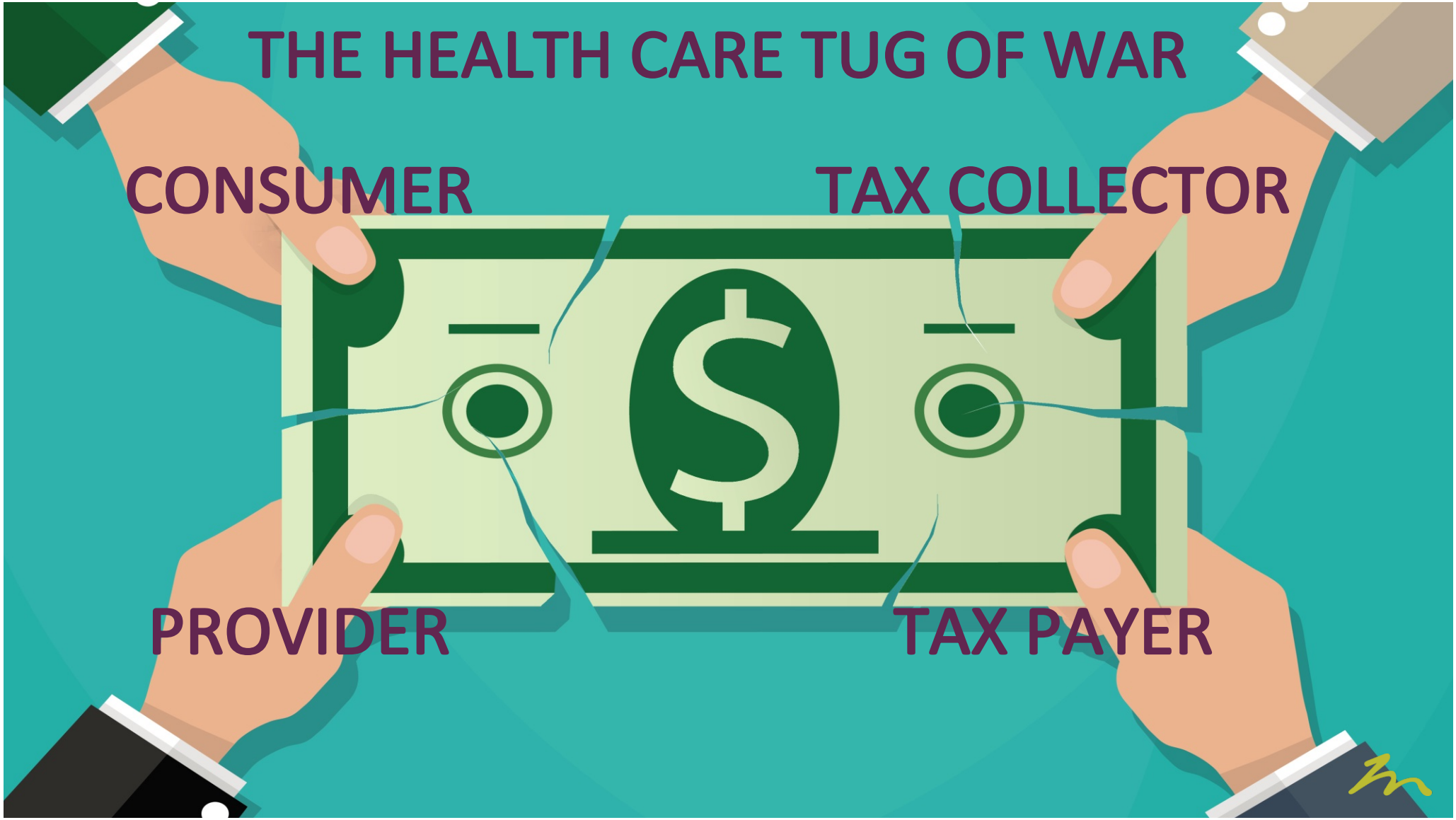
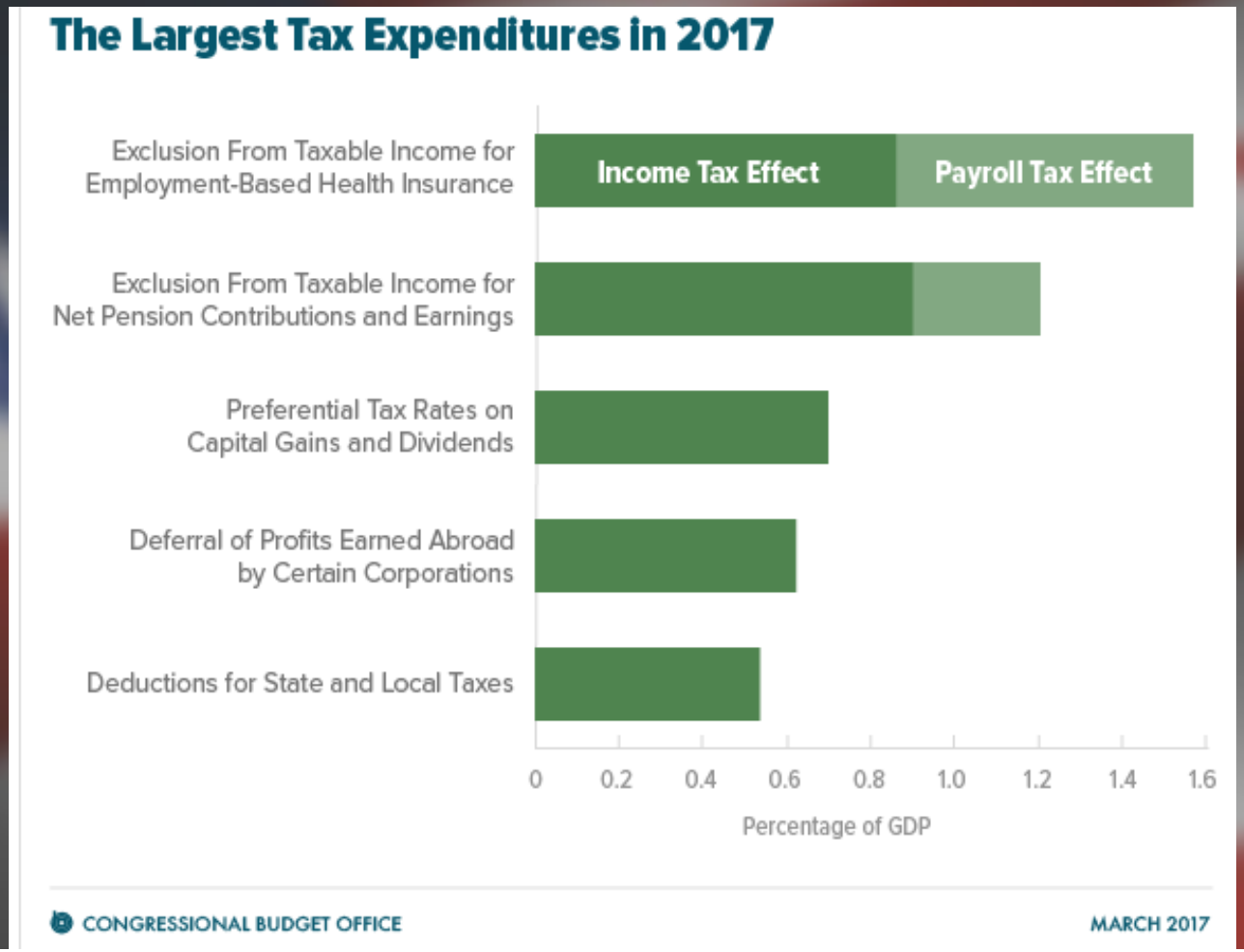
GOP CHANGES


How Americans get insurance under the ACA
Share of Americans, by type of insurance coverage, 2015
These groups are most likely to see changes to their coverage if the AHCA passes
7%
Non-group
20%
Medicaid
49%
Employer-sponsored
14%
Medicare
2%
Other government programs
9%
Uninsured
FiveThirtyEight
SOURCE: KAISER FAMILY FOUNDATION


THE HEALTH CARE TUG OF WAR
CONSUMER
TAX COLLECTOR
PROVIDER
TAX PAYER

THE $3.6 TRILLION QUESTION



THE $3.6 TRILLION QUESTION

Table 2.

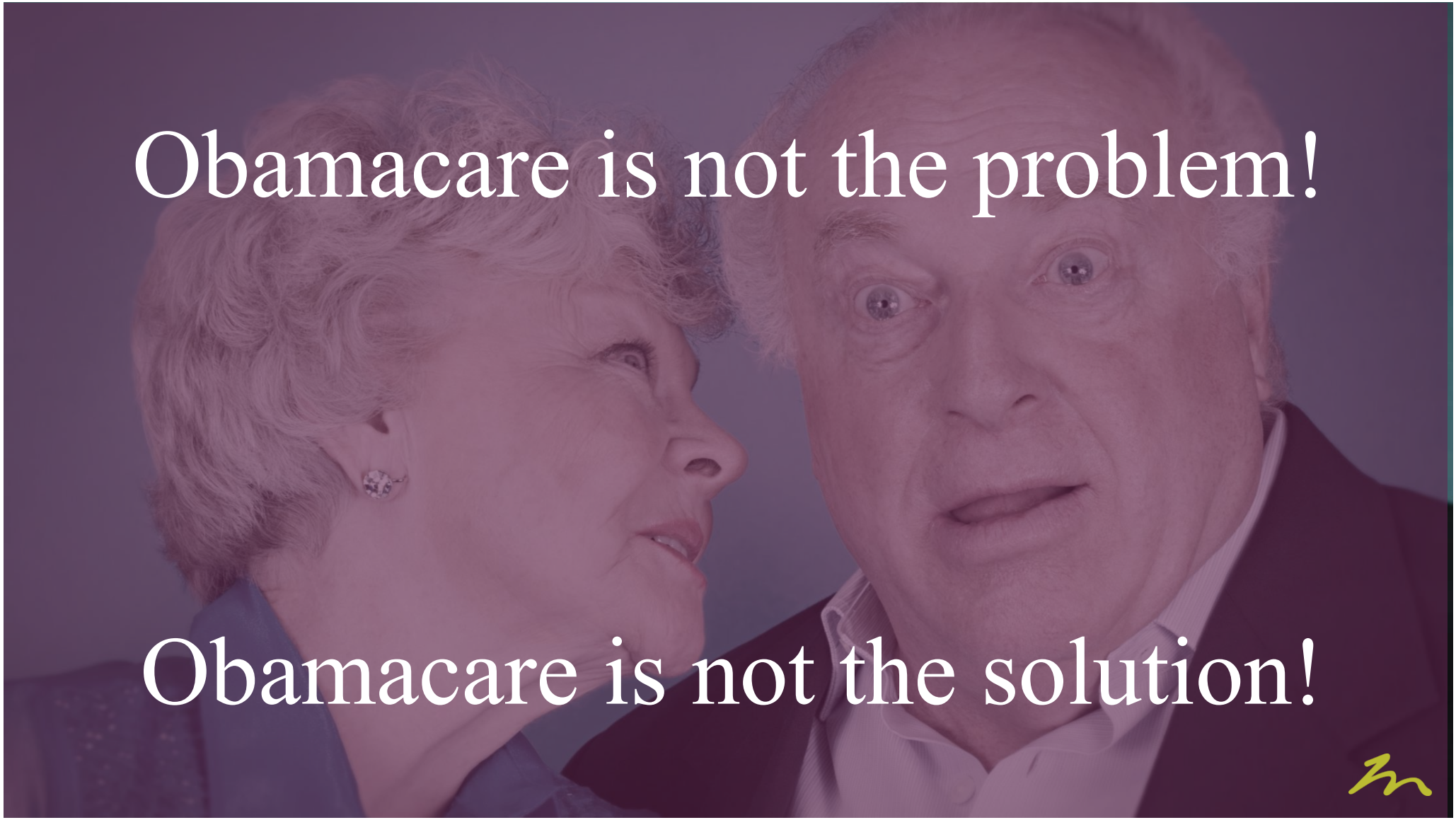
Return to Reference 1, 2, 3, 4

Net Federal Subsidies Associated With Health Insurance Coverage for People Under Age 65

Billions of Dollars, by Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total, 2017-2026
Subsidies												
Employment-based coverage												
Tax exclusion for employment-based coverage[a,b]	266	281	296	311	326	345	366	388	411	436	460	3,620
Small-employer tax credits[b]	1	1	1	1	1	1	1	1	1	1	1	9
Subtotal	**268**	**282**	**297**	**312**	**327**	**346**	**367**	**389**	**412**	**437**	**461**	**3,629**

Source: *Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2016 to 2026,* Congressional Budget Office


Obamacare is not the problem!
Obamacare is not the solution!

What Did Obamacare Do?

Social justice

12 million Medicaid
9 million subsidized

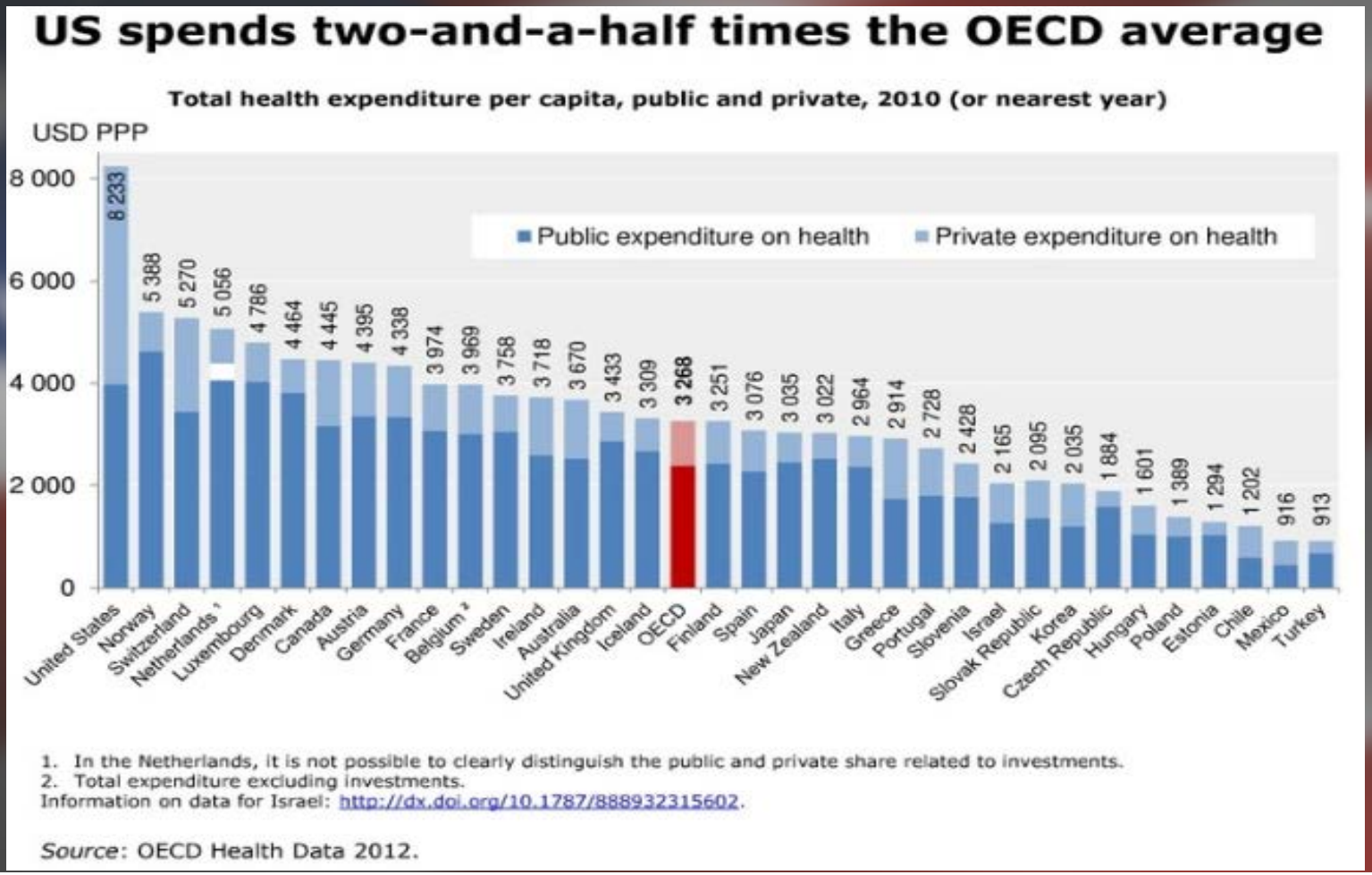
29 million uninsured

Deficit relief

$998 billion new Medicaid spending
$918 billion new subsidy program
$1.9 trillion in new healthcare spending

Congressional Budget Office,
Federal Subsidies Under the Affordable Care Act for Health Insurance Coverage Related to the Expansion of Medicaid and Nongroup Health Insurance: Tables from CBO's January 2017 Baseline

THE REAL PROBLEM: WE SPEND MORE



1. In the Netherlands, it is not possible to clearly distinguish the public and private share related to investments.
2. Total expenditure excluding investments.

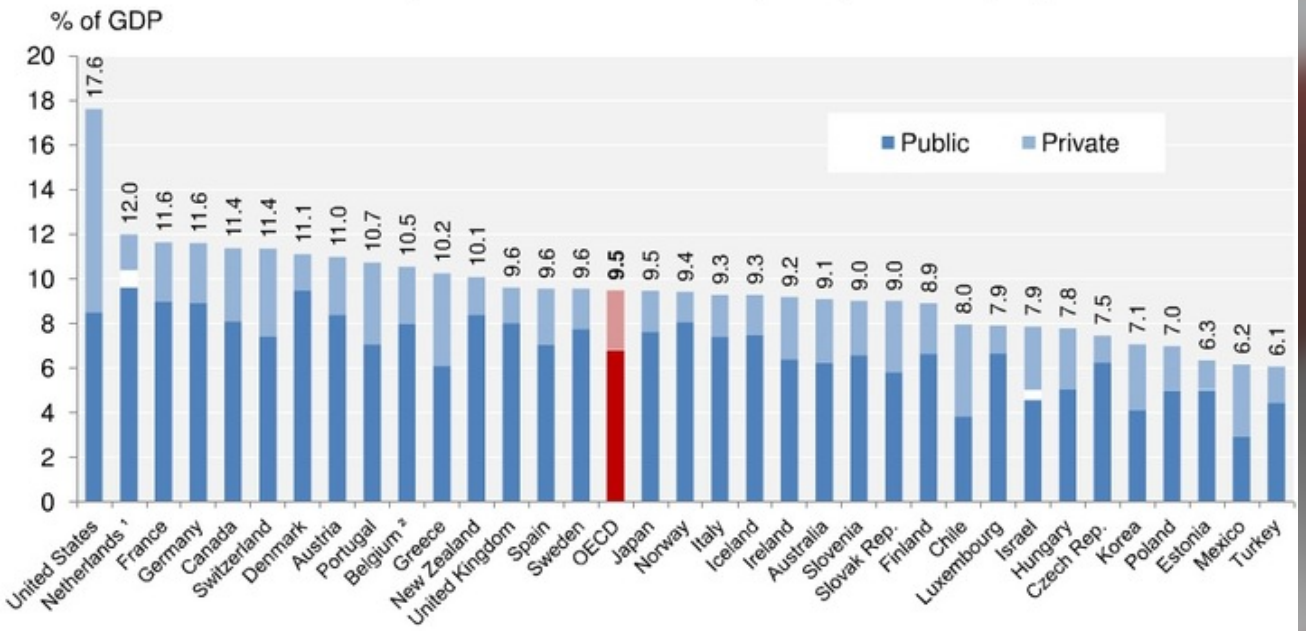
Information on data for Israel: http://dx.doi.org/10.1787/888932315602.

Source: OECD Health Data 2012.

THE REAL PROBLEM: WE SPEND MORE

At 17.6% of GDP in 2010, US health spending is one and a half as much as any other country, and nearly twice the OECD average

Total health expenditure as a share of GDP, 2010 (or nearest year)



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Source: OECD Health Data 2012.

THE REAL PROBLEM: WE USE MORE

Where the United States health system does MORE than other countries

	United States	Rank compared with OECD countries	OECD average
MRI units	31.6 per million population	2nd	12.5 per million population
MRI exams	97.7 per 1 000 population	2nd	46.3 per 1 000 population
CT scanners	40.7 per million population	3rd	22.6 per million population
CT exams	265.0 per 1 000 population	3rd	123.8 per 1 000 population
Tonsillectomy	254.4 per 100 000 population	1st	130.1 per 100 000 population
Coronary bypass	79.0 per 100 000 population	3rd	47.3 per 100 000 population
Knee replacements	226.0 per 100 000 population	1st	121.6 per 100 000 population
Caesarean sections	32.9 per 100 live births	6th	26.1 per 100 live births

Source: OECD Health Data 2012.

THE REAL PROBLEM: WE PAY MORE

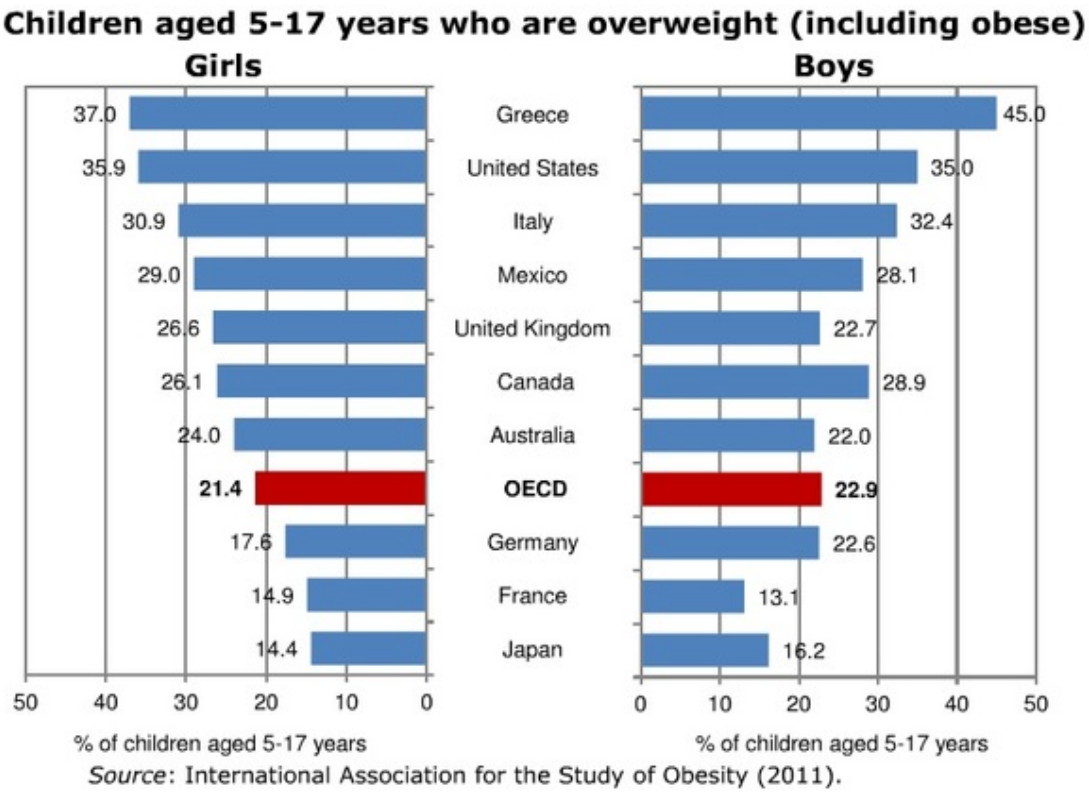
US prices for certain procedures are much higher than in other OECD countries

(US dollars, 2007)

Procedures	AUS	CAN	DEU	FIN	FRA	SWE	USA
Appendectomy	5 044	5 004	2 943	3 739	4 558	4 961	7 962
Normal delivery	2 984	2 800	1 789	1 521	2 894	2 591	4 451
Caesarean section	7 092	4 820	3 732	4 808	5 820	6 375	7 449
Coronary angioplasty	7 131	9 277	3 347	5 574	7 027	9 296	14 378
Coronary artery bypass graft	21 698	22 694	14 067	23 468	23 126	21 218	34 358
Hip replacement	15 918	11 983	8 899	10 834	11 162	11 568	17 406
Knee replacement	14 608	9 910	10 011	9 931	12 424	10 348	14 946

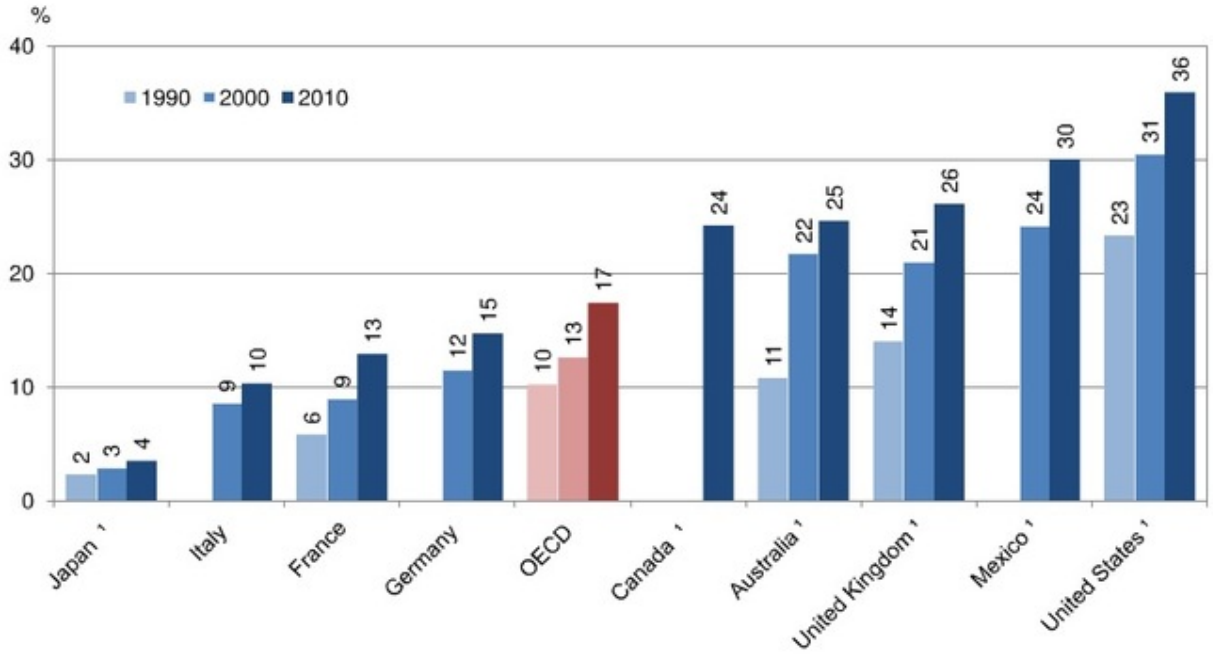
Source: Koechlin et al. (2010).

THE REAL PROBLEM: WE NEED MORE



THE REAL PROBLEM: WE NEED MORE

Obesity rates have increased substantially over the past 20 years and are highest in the US



1. Data are based on measurements rather than self-reported height and weight.
Source: OECD Health Data 2012.


CATBERT: EVIL DIRECTOR OF HUMAN RESOURCES
TODAY I WILL TEACH YOU HOW TO FILL OUT A 1095-C FORM FOR THE AFFORDABLE CARE ACT.
CATBERT
JUST RANDOMLY CHECK BOXES AND HOPE NO ONE EVER NOTICES.
CATBERT
© 2015 Scott Adams, Inc.
I HAVE BEEN DOING THAT FOR YEARS AND IT'S A HUGE TIME-SAVER.
CATBERT
Next time
Think

2017 1095-B Final Form

560116

Form **1095-B**

Department of the Treasury
Internal Revenue Service

Health Coverage

▶ Do not attach to your tax return. Keep for your records.
▶ Go to *www.irs.gov/Form1095B* for instructions and the latest information.

☐ VOID
☐ CORRECTED

OMB No. 1545-2252

2017

Part I **Responsible Individual**

1 Name of responsible individual		2 Social security number (SSN) or other TIN	3 Date of birth (if SSN or other TIN is not available)
4 Street address (including apartment no.)	5 City or town	6 State or province	7 Country and ZIP or foreign postal code
8 Enter letter identifying Origin of the Health Coverage (see instructions for codes): . . . ▶ ☐		9 Reserved	

Part II **Information About Certain Employer-Sponsored Coverage** (see instructions)

10 Employer name			11 Employer identification number (EIN)
12 Street address (including room or suite no.)	13 City or town	14 State or province	15 Country and ZIP or foreign postal code

Part III **Issuer or Other Coverage Provider** (see instructions)

16 Name		17 Employer identification number (EIN)	18 Contact telephone number
19 Street address (including room or suite no.)	20 City or town	21 State or province	22 Country and ZIP or foreign postal code

Part IV **Covered Individuals** (Enter the information for each covered individual.)

	(a) Name of covered individual(s)	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage											
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
23				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
24				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

2017 1095-C Final Form

600117

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage
▶ Do not attach to your tax return. Keep for your records.
▶ Go to *www.irs.gov/Form1095C* for instructions and the latest information.

☐ VOID
☐ CORRECTED

OMB No. 1545-2251
2017

Part I Employee | **Applicable Large Employer Member (Employer)**

1 Name of employee		2 Social security number (SSN)	7 Name of employer		8 Employer identification number (EIN)
3 Street address (including apartment no.)			9 Street address (including room or suite no.)		10 Contact telephone number
4 City or town	5 State or province	6 Country and ZIP or foreign postal code	11 City or town	12 State or province	13 Country and ZIP or foreign postal code

Part II Employee Offer of Coverage | **Plan Start Month** (Enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☐

	(a) Name of covered individual(s)	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of Coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
18				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

2017 REPORTING

Key Changes and Clarifications

- Section 4980H Transition Relief
  - Sections are removed as no transition relief is available for 2017
- Instructions for Recipient
  - Additional paragraph for information was added to 1095-B and 1095-C forms
- Updated Penalty Amounts
  - The adjusted penalty amount is $260 per violation, with an annual maximum of $3,218,500 (up from $3,193,000 in 2016)
- Code Series 2 (Section 4980H Safe Harbor Codes and Other Relief)
  - No specific code for line 16 for waived coverage

2017 REPORTING (Continued)

Key Changes and Clarifications

- Corrected Forms 1095-C
  - Incorrect dollar amount on line 15 (Safe harbor if the amount differs no more than $100)
- Reporting Catastrophic Coverage for 2017 (Applies to Carriers)
  - Optional for 2017 for those enrolled in Exchanges
- Formatting Returns Filed with the IRS
  - All returns filed with the IRS must be printed in landscape format

A LOOK INTO THE FUTURE

CADILLAC TAX DELAYED UNTIL 2020 (AHCA 2026)

REINSURANCE FEE EXPIRED

PCORI FEE STILL IN PLACE

INSURER FEE for 2018? (waiting for guidance)

1095-C REPORTING STILL IN PLACE

A LOOK INTO THE FUTURE

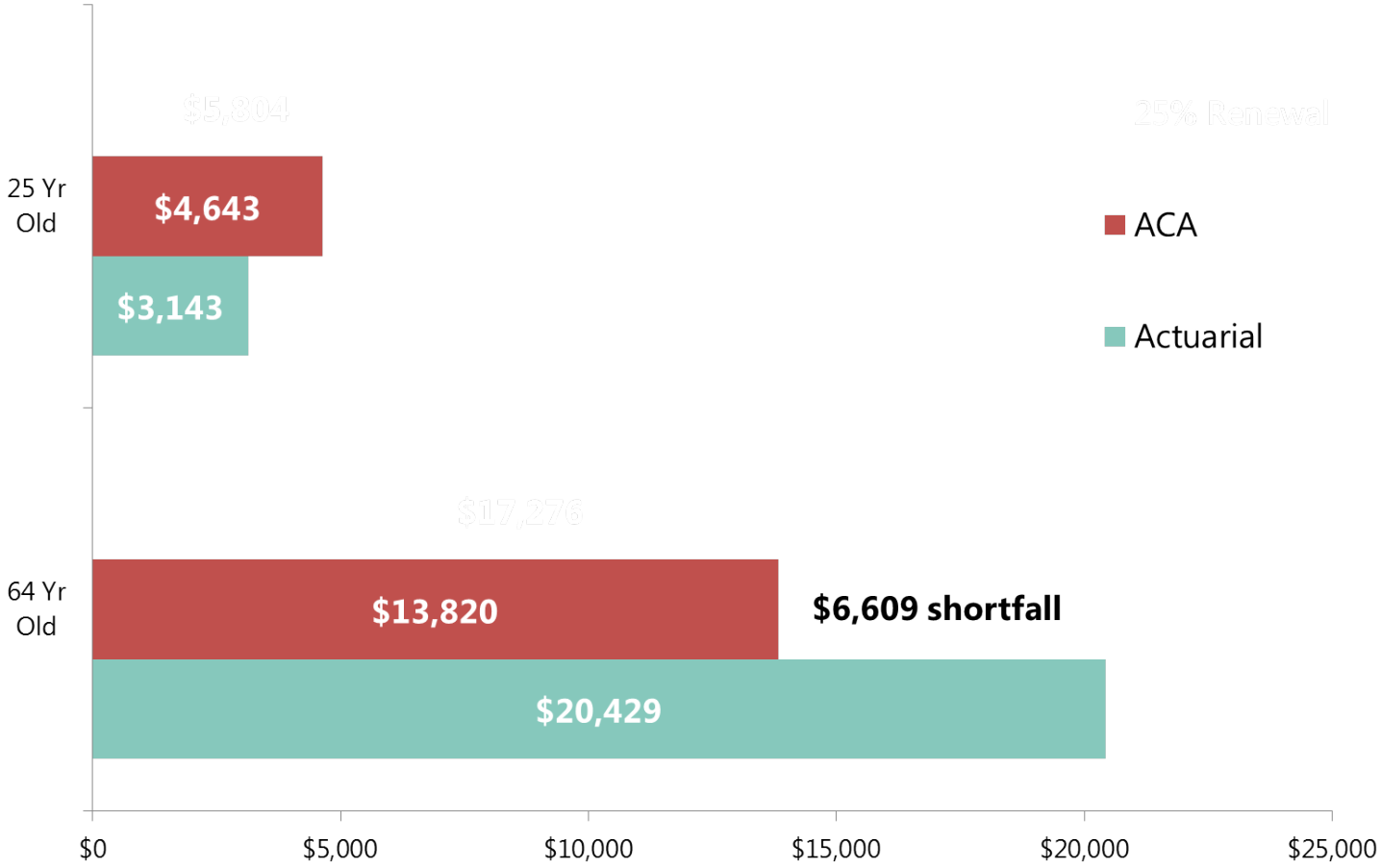
MARKETPLACE ENROLLMENT BEGINS 11/1/2017

- CARRIER CHOICE?
- GREATER PARTICIPANT SCRUTINY

INDIVIDUAL MANDATE

EMPLOYER MANDATE

Underwronging: Anatomy of a Death Spiral



Source: Holmes Murphy analysis of Blue Cross Blue Shield of Texas individual market rates accessed February, 2017

October 12, 2017 – Trump Executive Order

- Following Congress' failure to pass ACA repeal bill, President Trump signs an executive order to begin dismantling the ACA.
- The executive order directs federal agencies to expand access to MEWAs, HRAs, and short-term, limited duration insurance.
- Agencies must issue new regulations to implement these changes.

IMPORTANT DATES

December 11, 2017 – the order gives agencies 60 days to draft regulations to implement the changes related to MEWAs and short-term insurance.

February 9, 2018 – the order gives agencies 120 days to draft regulations to implement changes related to HRAs.

A LOOK INTO THE FUTURE

HHS CAN PROPOSE CHANGES TO CURRENT ACA REGULATION

WHITE HOUSE CAN DIRECT REGULATORY NON-ENFORCEMENT

ACA TAXES/ PENALTIES COULD BE REPEALED VIA TAX REFORM

A LOOK INTO THE FUTURE

NEW LEGISLATION COULD BE PROPOSED

INCREASED STATE AUTONOMY (INNOVATION WAIVERS)

QUESTIONS?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LET'S GET TO WORK
GOP SAUSAGE FACTORY
OBAMACARE
GOP SAUSAGE FACTORY
OBAMACARE

Thank You

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