



U.S. Chamber of Commerce

Office of Congressional and Public Affairs / Northwest Region

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The Patient Protection and Affordable Care Act Implementation Timeline

2010

- **Insurance reforms:** Prohibition on lifetime limits, rescissions, excessive waiting periods. Coverage for non-dependent children, first-dollar coverage for preventative services.
- **Small business health tax credit:** Worth 50% of an employer's contribution toward health insurance premiums for employees (10 employees or less, pro-rated for 11-20 employees, only those paid \$25,000 or less are eligible).
- **Early Retirees:** Creates a temporary reinsurance program for companies that offer early retiree benefits to those aged 55 – 64.
- **Taxation:** 10% tax on indoor tanning services (7/1).
- **Medicare Cuts:** After 10/1, doctors' Medicare reimbursements will be cut by more than 20 percent unless Congress takes up the "doc-fix" to preserve or increase payment levels.

2011

- **W-2 reporting:** Employers will be required to report the value of health benefits on W-2s.
- **HSA / FSA limits:** Limits on how HSAs and FSAs can be used, including exclusion of most OTC medications.
- **Brand-name drug tax:** Annual fee imposed on manufacturers and importers of brand-name drugs escalating from \$2.5B (2011) to \$2.8B (2018 and beyond).
- **HSA penalty:** Penalty for non-qualified purchases increases to 20%.
- **Fed-subsidized long-term care:** Voluntary payroll deductions for long-term care. Working adults may be automatically enrolled, must opt out. CBO says the program will cost more than payroll deductions will cover.
- **Physician ownership referral:** Prohibits self-referring to hospitals in which docs have a financial interest.

2012

- **1099 Reporting:** Companies required to complete 1099 forms for every B2B transaction of \$600 or more.
- **Medicare Advantage:** Medicare Advantage payments are frozen for 2011. Beginning in 2012, a new system of blended benchmarks will be phased in.

2013

- **Elimination of deduction for Part D subsidy:** Existing employer deduction for subsidizing Medicare Part D is eliminated.
- **Reduction in deductible medical expenses:** New limits on the deductibility of medical expenses on income taxes; raises the floor to 10% for those under 65 – floor remains at 7.5% for those 65 and older until 2016.
- **Medicare payroll taxes:** Medicare payroll tax on wages in excess of \$200,000 (\$250,000 joint) will increase by 0.9%; applies to net investment income. Earners in excess of \$200,000 will pay an additional 3.8% Medicare tax on investment income to be diverted away from Medicare to pay for policies of people under Medicare age. Sets an interesting precedent.
- **FSA limits:** Cafeteria plan FSA contributions will be limited to \$2,500 (inflation adjusted after 2013).
- **Medical device tax:** 2.3% excise tax on manufacturers and importers of certain medical devices.
- **Comparative effectiveness tax:** A new tax on insurance policies to fund comparative effectiveness research.

2014

- **Benefits package:** The federal government defines the benefits package that all qualified plans must meet.
- **Health insurance exchanges:** States must establish an American Health Benefit Exchange that will facilitate the purchase of “qualified” health plans. Individuals can enroll in a plan through the state exchange and small employers can offer a choice of plans to their employees through the exchange.
- **Individual mandate:** All US citizens / legal residents must have qualifying coverage. Fully phased-in penalty is \$695 or 2.5% of income.
- **Employer mandate:** Requires employers to provide insurance, pay penalties, or both. Penalties based on:
 - The number of full-time employees
 - Whether the company offers coverage

- One or more employees qualify for government subsidies
- **Premium credits:** Federal government begins subsidizing individuals up to 400% of the fed. poverty line (\$88,000 / family of 4). Covers individuals buying through a state exchange, but will not be available to those with employer-sponsored plans. Subsidies will be paid to insurers, not individuals.
- **Expansion of Medicaid eligibility:** Income level for eligibility raised placing new financial burden on states.
- **Reforms to group health plans:** Prohibits annual limits on group health plans and pre-existing condition exclusions for group plans.
- **Annual fee on health insurance providers:** \$8B in 2014 escalating to \$14.3B in 2018 and indexed to medical costs thereafter.

2015

- **Independent Payment Advisory Board:** Establishes the IPAB which is charged with recommending reductions in Medicare spending. Congress must either adopt the IPAB's proposed cuts or pass an alternative with equivalent savings. The IPAB will first propose cuts in 2014 for implementation in 2015.

2016

- **Interstate Health Choice Compacts:** Under these compacts, qualified health plans could be offered in all participating states, but insurers would still be subject to the consumer protection laws of the purchaser's state.

2017

- **Large employers in exchange:** At this point, states may choose to permit large employers to offer coverage to their employees through the state exchanges.

2018

- **Cadillac tax:** 40% excise tax on health coverage in excess of \$10,200/individual or \$27,500/family with increased thresholds of \$11,850/individual or \$30,950/family for high-risk professions and retirees over age 55.
 - Inadequately indexed for inflation
 - More people will be swept into this category as costs continue to rise

2019 – 2020

- **Indexing of premium subsidies:** Beginning in 2019, to slow the growth of premium subsidies, indexing is adjusted if premiums are growing faster than the CPI.
- **Indexing of the “Cadillac” tax thresholds:** Beginning in 2020, the thresholds for the high premium tax will be indexed to the general rate of inflation.

Additional Resources:

“Critical Employer Issues in the Patient Protection and Affordable Care Act”

http://www.uschamber.com/publications/reports/100426_critical_employer_issues_ppaca.htm

www.VoteForBusiness.com

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