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# **Impact of the Affordable Care Act on Ag: What You Need to Know**

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# Health Care Reform: It's Big, Complicated, and Far-Reaching

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- The Patient Protection and Affordable Care Act (“ACA”)
- Easily one of the biggest laws ever
- Complicated
- Affects everyone
  - Health Care Providers
  - Employers
  - Insurance Carriers
  - You and Me!

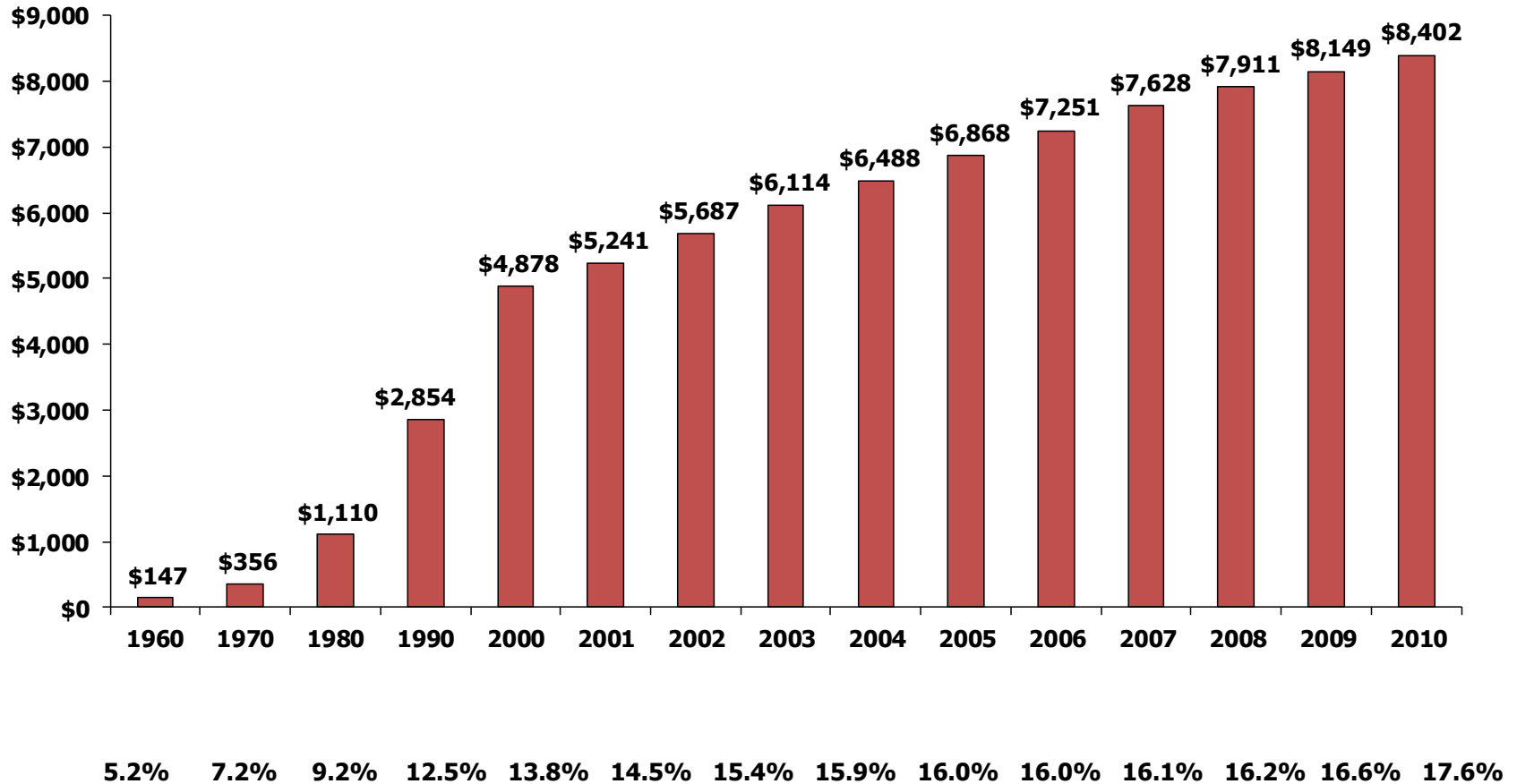
# The Goal of the ACA

## The “Triple Aim”

- The simultaneous pursuit of:
  - Improving the patient experience of care
  - Improving the health of populations
  - Reducing the per capita cost of health care

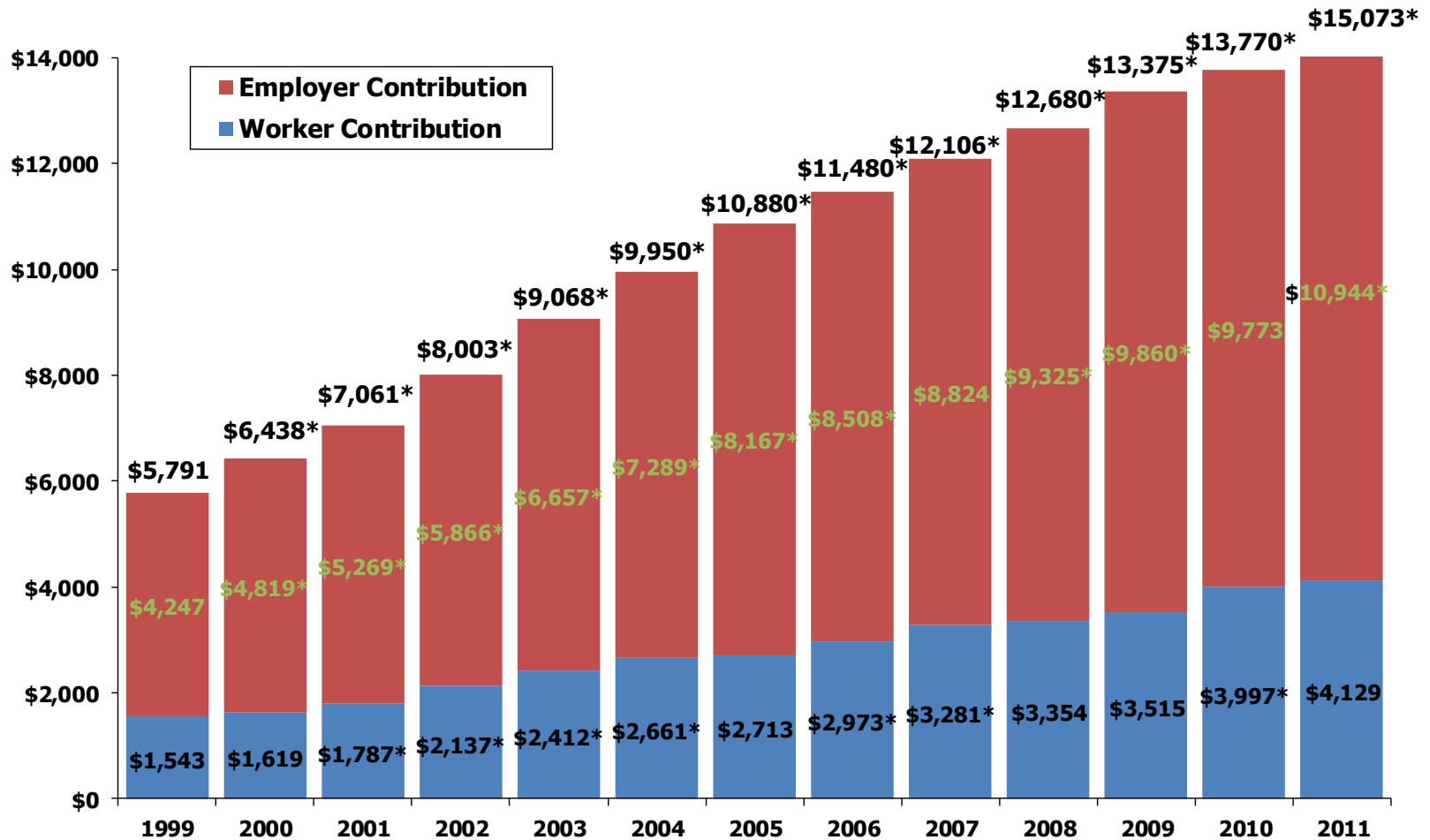
# Why we need Health Reform: Cost

## National Health Expenditures per Capita, 1960-2010



# Why we need Health Reform: Cost

Average Annual Health Insurance Premiums 1999-2011



# Why we need Health Reform: Quality

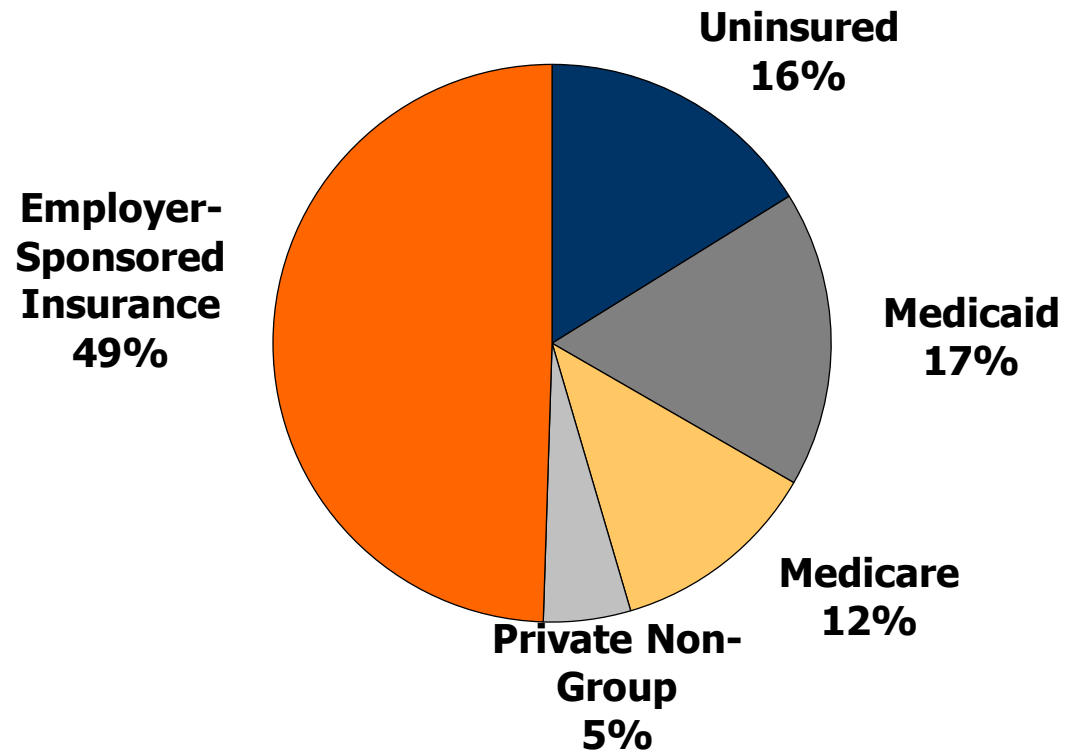
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Research looked at the rate of "potentially preventable" deaths -- deaths before age 75 that could be avoided with timely and effective health care -- and found that the United States lags behind its peers.

# Why we need Health Reform: Access

Health Insurance Coverage in the U.S., 2010



**Total = 305.2 million**

# The Supreme Court Rules

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- First Issue: Timeliness
  - A tax can't be challenged until it has taken effect
  - If the “Individual Mandate” is a tax, then game over
- Held:
  - Not a tax because the “shared responsibility payment” was labeled a “penalty”



# The Supreme Court Rules

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- Second Issue: Is the Individual Mandate constitutional?
  - YES! 5-4 decision
  - Not under the Commerce Clause
  - Not under the Necessary and Proper Clause
  - Constitutional as a legitimate exercise of taxing power

# The Supreme Court Rules

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- Chief Justice Roberts:
  - Functional equivalent of a tax
  - Not a “penalty”
  - Taxes influence conduct

# The Supreme Court Rules

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- Third Issue: Can the federal government withhold Medicaid \$\$
  - Yes, but only new money
  - Cannot withhold ALL Medicaid \$\$

# Impact to Providers

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- ACA connects payments to results
- Minimum standards for quality or reduction in payments
  - Reducing readmissions
  - Reducing hospital-acquired infections
- More patients with insurance
- Physician extenders will increase

# Fee-for-service is costly

- More care is not necessarily BETTER care
- With limited dollars for routine screenings, the question should be: “Will the treatment do more harm than good?”
- Do we really need expensive medical equipment on every corner?

# Encourages new delivery models

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- Patient Centered Medical Homes
  - Facilitates partnerships between patients and their physicians
- Accountable Care Organizations
  - Network of doctors and hospitals that share responsibility for providing care to patients

# Impact to Health Insurers

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- Lifetime limits prohibited
- Pre-existing conditions covered
- Coverage for young adults extended
- “Donut hole” closed
- Preventive care first dollar coverage
- Community rating
- Individual Mandate

# The Individual Mandate

- Everyone is required to maintain “minimum essential coverage”
- For yourself and your dependents
- If you don't, you must pay a penalty unless you are exempt



# Individual Mandate Exemptions

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- Religious beliefs
- Undocumented immigrant
- Incarcerated
- Member of Indian Tribe
- Income too low to file tax return
- Cost is  $> 8\%$  of income

# Individual Mandate Penalties

- 2014: \$95/year or 1% of household income, whichever is greater
- 2015: \$325 or 2%
- 2016: \$695 or 2½% (\$2,085 max)
- 2017 and later: Adjusted for inflation

# Individual Mandate Penalties

- Penalty can never exceed cost of Bronze Health Plan
- You **cannot go to jail** for failure to pay the penalty

# Health Insurance Exchanges

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- Intended to create a more organized and competitive market for buying health insurance
- Initially will serve individuals and employers under 100 employees
- Later, HIE will be available to all

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## Health Choices: Florida's Insurance Marketplace

Florida Health Choices was created in response to a vastly changing health care environment to help small business owners in Florida make sense of the complex [health insurance](#) system. Our Insurance Marketplace provides easy access to affordable, quality health care in a competitive health insurance market.

Florida's Insurance Marketplace is a "one-stop-shop" that provides employers and their employees with flexible insurance options and products. Users can compare multiple insurance products side-by-side, [enroll](#) in the one that best meets their needs, and access important health information—all in one portal.

At Health Choices, we are working to find ways to advance the health and well-being of Floridians by providing information and access on the best health insurance options available.

### NEWS FEED

Florida Health Choices CEO presents update to the Florida Health Insurance Advisory Board

Florida Health Choices Board Waives Agent Registration Fee

Florida Health Choices CEO Speaks at Health Affairs' Conference in Washington, D.C.



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# Health Insurance Exchanges

- QHP determinations
- Verify Eligibility
- Administer subsidies
- Determine tax credit eligibility
- Maintain electronic information

# Impact to Employers

- If  $\geq 50$  FTEs, must offer health care coverage or pay a penalty
- Coverage must be “affordable”
- Coverage must be a QHP
- Takes effect 1/1/2014

# Impact to Employers

- FTEs are counted as of the preceding calendar year
- FTE = 30 hours per week
- PTE are counted as fractional FTE
  - Total hours/120
- Seasonal employees
  - Counted if results in  $\geq 50$  FTEs for more than 120 days of prior year



# Impact to Employers

- Penalty applies if employer fails to offer QHP to all FTEs
- \$2,000 per FTE
- Triggered if **ONE** FTE receives subsidy on the HIE or qualifies for a premium tax credit

# Impact to Employers

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- FTE is eligible for subsidy or premium tax credit **IF**:
  - Household income is < 400% FPL
  - *and*
  - FTE cost for coverage > 9.5% of household income
- Family of four (4) with a household income of \$89,400 could qualify

# Impact to Employers

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- Penalty for failing to offer QHP
  - Penalty disregards first 30 FTEs
  - Penalty for 100 FTEs
    - $(100 - 30) \times \$2,000 = \$140,000$
  - Penalty is nondeductible

# Impact to Employers

- Penalty for offering coverage that is not affordable (cost exceeds 9.5% of family income or fails to meet minimum standards and FTE claims tax credit)
  - Penalty is \$3,000 per year per employee that claims tax credit
  - Calculation excludes first 30 employees
  - Max penalty is \$2,000 X Total FTEs

# Impact to Employers

- Cost is  $> 8\%$  but  $< 9.5\%$
- Employee may opt out and obtain alternate coverage
- Opt-out employee takes employer's contribution and may keep surplus

# Impact to Employers

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- Short term activities:
  - Prepare for W-2 reporting
  - Finalize benefits for 2013
  - Cap FSA at \$2,500

# Impact to Employers

- Near term activities:
  - Decide whether to offer health insurance
  - Determine whether businesses will be grouped with other family members
  - Make decisions re wellness programs

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## Questions?

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I don't have health insurance. Will I have to buy it and what happens if I don't?

**I get my health coverage at work and I'd like to keep my current plan. Will I be able to do that? How will my plan be affected by the health law?**

What parts of the law that affect me are now in place?

**I want health insurance but I can't afford it. What will I do?**

**Will it be easier for me to get coverage even if I have health problems?**

**I own a small business. Will I have to buy health insurance for my workers?**

**Will I have to pay more for my health care because of the law?**

# Has the law hit some bumps in the road?