

# Health Care Reform in Virginia

An Overview for Small Businesses

# GOALS

- Learn some facts about health care reform
- Understand some of the choices Virginia is making
  - (what Virginia chooses will make a big difference)
- Set up a way to answer more of your questions after this morning
- Learn ways for you to make a difference
- Don't Overwhelm You

# Virginia Main Street Alliance

- Network of small businesses across the state
- Survey of small businesses about health care  
have surveyed over 500 small businesses
- Affiliated with the national Main Street Alliance
- A Project of Virginia Organizing

Bob Becker  
804-937-0752  
bob@bobbecker.org

# THE SUPREME COURT

- The US Supreme Court is considering whether the health care reform law is constitutional
- The Court will announce its decision in mid to late June
- The court could decide to put off a decision, to uphold the entire law, to void the entire law or anywhere in between

# THE PROBLEMS WITH HEALTH INSURANCE BEFORE REFORM

(from over 500 surveys of small businesses)

- **COSTS TOO MUCH 93%**
  - Availability 1%
  - Flexibility 1%
  - Government 2%
  - Pre-existing condition limits 1%
- 
- A recent study found that small businesses pay 18% more than large businesses for health insurance coverage

# Timeline

- Health care reform is being implemented very slowly. It will be almost fully implemented on January 1, 2014.
- [www.healthcare.gov](http://www.healthcare.gov)
- <http://healthreform.kff.org/timeline.aspx>

# Health Reform Points

- Can't be denied coverage because of a pre-existing condition
- Young people can stay on parents plan until age 26
- Free Preventive Services
- Fixing the donut hole in Medicare
- Limits on how much you spend on health care each year
- No more lifetime (or yearly) limits on coverage
- **Payment Reforms**
- Expanded community health centers + rural hospitals
- **Making Good Information Available**
- More Doctors
- Physician Assistants (and others) doing more
- Studies and Pilot Projects to see what works
- More people covered by Medicaid
- Electronic Medical Records
- **Better Health**

# BETTER HEALTH

- **Prevention:** Preventive services are covered with no deductible
- **Wellness programs:** the law encourages insurance plans that promote wellness, including paying for exercise, eating right and monitoring chronic illnesses
- **Medical Homes:** Virginia is encouraging multi-disciplinary medical practices to provide better health outcomes

# PAYMENT REFORM

- Payment reform: The law wants to change insurance payments so that medical providers get paid for healthy outcomes rather than on a per service basis

# Good Information

- Website with information on health insurance rate increases and expenses
- Website with new ideas about health care and insurance
- The HBE will rank insurance plans into Bronze, Silver, Gold + Platinum categories and will make it easy to compare and simpler to understand (apples to apples)

# KEY COST SAVINGS POINTS OF HEALTH CARE REFORM

- The Mandate
- Regulate Health Insurance Industry More
- Small Business tax credit
- HEALTH BENEFITS EXCHANGE
- (Long term better health will save money as well)

# THE MANDATE

- Currently, everyone with insurance pays \$30-\$80 more each month to cover those without insurance
- Starting in 2014 individuals will have to have coverage or pay a penalty of \$695 (with many exemption including low income folks or high cost plans)
- Starting in 2014 businesses with more than 50 employees that do not offer insurance will face a penalty if one of their employees gets subsidy in the Health Benefit Exchange (HBE)
- 30-40 million more people will have health insurance after these reforms take affect

# REGULATING INSURANCE

- Government review of health insurance rate increases of over 10% for large and small businesses
- Insurance companies will be required to spend at least 80% of the money collected in premiums on health care or rebate money to policy holders
- Rates cannot be more than three times greater based on age or 1.5 times greater for tobacco use

# TAX CREDIT

- There is a federal tax credit for small businesses (up to 25 employees) that provide health insurance for employees.

There is a proposal to expand this to 50 employees

- The credit is for up to 50% of the cost of the insurance if average wages are below \$50,000/year
- The employer must pay at least 50% of the cost of the premiums
- The tax credit will carry over from year to year
- The IRS form on this is helpful, so is [www.healthcare.gov](http://www.healthcare.gov)

# HEALTH BENEFITS EXCHANGE

- The Health Benefits Exchange (HBE) is a new way for small businesses (and individuals) to buy insurance.
- The HBE will act like a buyers club or co-op, giving options to small businesses but having a large pool for risk-sharing and financial stability
- The HBE is voluntary
- The HBE will start in January of 2014
- The US Congress will be required to use the HBE

# HEALTH BENEFITS EXCHANGE

- The HBE will have an easy to use website for small business to buy insurance and will make apples to apples comparisons of plans
- Massachusetts already has a health benefits exchange called the MassConnector. You can view it at <https://www.mahealthconnector.org/portal/site/connector/>
- Low income people will get a subsidy to help pay for health insurance (up to 400% of poverty level)

# Virginia's Choices

- The state of Virginia will decide many of the details of health care reform and the health benefits exchange in the next year
- Virginia has had a task force called the Virginia Health Reform Initiative studying health care reform for two years
- We believe Virginia can do health care reform in ways that will help small businesses

# Governance of HBE

- The Task Force studying the issue has recommended a “quasi-public agency” with a 11-15 member board to run the HBE
- A key question still remains about whether the health insurance industry can sit on this board and whether they will be able to dominate the board

# Buying Power

- Small businesses know that the HBE will be large enough to have the buying power to help reduce costs
- The task force studying the issue has recommended that the HBE be prohibited from using its buying power to get better prices for Virginia's small businesses

# How big is a small business

- The Virginia General Assembly will make two decisions about the size of small businesses
- Virginia can choose to allow businesses with up to 100 employees be in the health benefit exchange. The recommendation from the Task Force is to set the limit at 50 employees
- Virginia can change the law and let businesses with one employee get a group rate

# Next steps

- The General Assembly will be working on legislation to create a Health Benefits Exchange in Virginia, maybe this summer
- Virginia is moving forward on other health care improvements
- Jeff McWaters of Virginia Beach is Chair of the State Senate subcommittee on health care reform and will have a huge impact on what the state does.

# Resources

- [www.healthcare.gov](http://www.healthcare.gov)
- <http://healthreform.kff.org/the-basics.aspx>
- [www.hhr.virginia.gov/Initiatives/HealthReform](http://www.hhr.virginia.gov/Initiatives/HealthReform) this is the task force studying health care reform
- <http://www.thecommonwealthinstitute.org/health/>  
Webinar today at 1:00 TODAY
- [www.virginia-organizing.org/](http://www.virginia-organizing.org/) for VMSA updates, click on small business
- Bob Becker [bob@bobbecker.org](mailto:bob@bobbecker.org) 804-937-0752
- VMSA Updates

# QUESTIONS