

# Horsemen's Perspective on National Health Care Reform



NATIONAL HBPA WINTER CONVENTION FEBRUARY 23, 2013

## Disclaimer

*This is the third in an ongoing series which explores the possible ramifications of the Patient Protection and Affordable Care Act on horsemen, their employees, and HBPA affiliates. The Act is also known as the Affordable Care Act, ACA, The Health Reform Act, or ObamaCare. It is a work in progress. There is still potential for change almost three years after it was signed into law.*

## Disclaimer continued

*2014 will be the year that you will see a great number of requirements go into force. The following general information is not intended to be nor should it be treated as tax, legal, or accounting advice. Your situation may be issue sensitive or subject to your own state's laws. You should seek advice from an independent professional before acting on any information presented.*

**Before we look ahead to what is going to happen later on this year and in 2014....**



...let's take a brief look back at what has already been put in place.

# 2010

- **Small Business Health Insurance Tax Credits**

Small businesses and non-profits are eligible for tax credits to help them provide insurance benefits to their workers, **this includes racing stables and HBPA's.**

- **Allowing States to Cover More People on Medicaid**

**This would also include horsemen who are low-income.**



## **Access to Insurance for Uninsured Americans with Pre-Existing Conditions**

- A Pre-Existing Condition Insurance Plan (PCIP) provides new coverage options to individuals who have been uninsured for at least six months because of a pre-existing condition. **Do you know any horsemen with pre-existing conditions that would like to have insurance but were turned down?**

# 2010

- **Extending Coverage for Young Adults to age 26**

This would also apply to horsemen, their employees, and HBPA employees.

- **Prohibiting Insurance Companies from Rescinding Coverage**

The new law makes it illegal for insurance companies to search for an error, or other technical mistake, on a customer's application and use this error to deny payment for services when he or she gets sick.

- **Providing Free Preventive Care**

All new plans must cover certain preventive services such as mammograms and colonoscopies without charging a deductible, co-pay or co-insurance.

This helps benevolence programs from paying co-pays for these procedures. It also eliminates co-pays at mobile mammography units (health fairs).



# 2010

- **Appealing Insurance Company Decisions**

The law provides consumers with a way to appeal coverage terminations or claims.

This means less chance of your horsemen, who have insurance, being turned down for a claim and then turning to the benevolence committee for assistance.

- **Eliminating Lifetime Limits on Insurance Coverage**

With no lifetime limits you may be able to provide chronically ill or injured horsemen with other types of benevolence, financial assistance or aid.



# 2011

- **Prescription Drug Discounts**

Over the next ten years, seniors will receive additional savings on brand-name and generic drugs until the coverage gap is closed in 2020.

Once again, this should help relieve pressure on your benevolence programs.

- **Free Preventive Care for Seniors**

With free preventative care for seniors, this is another area in which you will find savings for your benevolence programs. It will be your job to recognize these opportunities.





# 2011

- **Bringing Down Health Care Premiums**

To ensure premium dollars are spent primarily on health care, the new law generally requires that a high percentage of all premium dollars collected by insurance companies are spent on health care services and health care quality improvement. If insurance companies do not meet these goals because their administrative costs or profits are too high, they must provide rebates to consumers.



Q. Will our benevolence programs be held to these same standards?

A. **No.** Benevolence programs that are neither health insurance or self funded health care plans do not need to meet this requirement.

# 2011

## **New Innovations to Bring Down Costs**

- The Independent Payment Advisory Board began operations to develop and submit proposals to Congress and the President aimed at extending the life of the Medicare Trust Fund.
- The IPAB will have the power to authorize or deny Medicare payments for medical procedures regardless of doctor recommendations.
- The leader of the Republican Study Committee's Healthcare Task Force reintroduced legislation Jan. 23, 2013 to shut down the Independent Payment Advisory Board system.
- <http://www.humanevents.com/2013/01/23/roe-files-to-kill-death-panels>



Just like HIPAA, the PPACA will be felt by everyone in this country who works in the medical field or who will receive professional health care.

The Kaiser Family Foundation has prepared a short video that gives a concise overview of what is immediately ahead and how the Act is supposed to work.

[http://www.youtube.com/watch?v=3-llc5xK2\\_E](http://www.youtube.com/watch?v=3-llc5xK2_E)

# Exchange Update

**Friday, February 15, 2013 was the deadline for states to declare whether they want a say in running their exchange or default to federal control. As pointed out in the video the country is also divided on this issue.**

**23 states plus DC have opted to run their own markets. 26 states are defaulting to the feds. One state's decision is still pending. With some exceptions states led by Democrats opted to set up their own exchanges and Republican led states declined.**

**Louisville Courier-Journal February 17, 2013**

## 2013 Effective Dates

- Automatic enrollment of employment in large employer plans
- Additional .9% Medicare tax on wages/self-employment income of high earners
- 3.8% Medicare s income of higher income taxpayers
- \$2,500 limit on ntributions
- 10% floor on ite ise deduction
- Elimination of b certain retiree prescription dru
- Limit on deducti paid to insurance company execut
- 2.3% excise tax c es



## 2014 Effective Dates

- Individual health care minimum essential coverage mandate/penalties/subsidies
- Employer self-insured plans (ESIPs) date penalties
- Individual and family plans available (P) exchanges
- Small Employer Health Insurance Tax Credit (second phase)
- Free Choice Vouchers start



## 2014 Effective Dates

- No annual limits on coverage in grandfathered individual and group health plans
- Employee and employer contributions to self-insured plans permitted
- Annual fee on net premium for health care providers for 12 months
- Increases in individual and corporate health care tax payments for large corporations





# Questions and Answers from Horsemen's Perspectives

1. Trainer
2. Owner
3. Employee of Owners and Trainers
4. HBPA Affiliates
5. HBPA Employees





Q - January 1, 2014 is the date that kicks off the requirement for having health insurance. Who will be required to have insurance?

**A– Beginning after 2013** U.S. Citizens and legal residents must obtain and maintain coverage for themselves and their dependents, or pay a small penalty. The individual and any dependents shall be covered each month under minimum essential coverage. Cornell University Law School

<http://www.law.cornell.edu/uscode/text/26/5000A>



Q. Are there exemptions to this rule?

A- **Yes, several including:** having income below 100 percent of the federal poverty level; not being required to file income taxes; if the purchase of insurance would cause financial hardship; having religious objections; having a coverage gap shorter than three months; or being an American Indian, undocumented immigrant, or incarcerated person.

Cornell University Law School

<http://www.law.cornell.edu/uscode/text/26/5000A>



Q. How small is the penalty?

A. **The penalty will be the greater** of a flat fee or a percentage of income (\$695 or 2.5 percent of taxable income for an individual, capped at three times that amount for a family) and it will be phased in over 2014-2016. The applicable dollar amount is \$95 for 2014 and \$325 for 2015. It will be assessed as part of peoples' income taxes.

(American Public Health Association [apha.org](http://apha.org))



Q. I am a trainer who has 10 employees. Am I required to carry health insurance for my employees?

**A. Probably Not** – There is no mandate that requires employers with less than 50 employees to carry health insurance.

(Health Care Special Report – The Kiplinger Letter)



Q. I am a trainer who employs 50 employees, are there any exceptions?

A. **Yes** – An employer does not have to offer coverage to:

- Part-time employees
- Seasonal or temporary workers;
- or new employees during a 90 day waiting period.

(Implementing Health Care Reform in the Workplace – American Health Care Association)



Q. I am a trainer with over 50 full time employees. If I chose not to make affordable insurance available to my employees what are the consequences?

A. **The penalty is determined by a formula.** In the case where just one employee is eligible for the federal subsidy the fine would be \$40,000. There are lesser penalties imposed under two other circumstances which involve the employer making insurance available that pays less than the required percentage of covered expenses.

(Health Care Special Report – The Kiplinger Letter)



Q. I am a trainer with 10 employees, what's my incentive to offer my employees health insurance?

A. If you are an employer with 10 or fewer workers and their average annual pay is \$25,000 or less, you can receive a credit of up to 35% of your health insurance premium costs each year through 2013, provided that you pay at least half of the total premium. For more workers or higher average pay, the credit phases out at 25 employees or average wages of \$50,000.

(Health Care Special Report – The Kiplinger Letter)





Q. I am a trainer with 10 employees, I want to make health insurance available for my employees, what's the next step?

**A. Right now contact your insurance agent.** To be eligible for the tax credits that are available through 2013 you will generally have to pay at least 50% of the premium cost. Starting in 2014 eligible small businesses that purchase coverage through a state-based insurance exchange may qualify for credit up to 50% of the premium cost through 2015.



Q. I am an employee of the local H.B.P.A. affiliate, I have no health insurance. How will I be impacted?

A. **The same small business rules apply.** However, a small employer tax credit is available to qualifying small tax-exempt employers, but at a reduced credit percentage. The credit is taken against payroll taxes. As an individual, if your employer does not offer insurance, and you are not exempt you may have to pay the penalty.

(What Health Care Reform Means for Your Business – Stanley, Hunt, Dupree, & Rhine Benefit Consultants)



Q. I am employee of the local H.B.P.A. affiliate, I do have health insurance. How will I be impacted?

A. PPACA provides that certain group health plans existing as of March 23, 2010 are subject to only certain provisions. These plans are referred to as “grandfathered” health plans. There are several advantages to being “grandfathered”. Being “grandfathered” is an option. The choice is made by the employer.

(Closeup: Health Care Reform and Grandfathering HIGHMARK)



Q. There is a lot of talk about Medicaid expansion. How will that impact our benevolence program?

A. It may reduce the demand on your benevolence program or allow you to provide benefits not covered by Medicaid. Medicaid is the federal-state partner program that provides health coverage to low-income individuals. As of January 1, 2014 all persons with income at or below 133 percent of the federal poverty line who are not otherwise eligible for Medicaid or Medicare are entitled to participation in Medicaid.

(National Governors Association, Key Committee Issues [www.nga.org](http://www.nga.org))



- Q. I am a trainer and I carry my own individual health policy. Will the Affordable Care Act keep my premiums from increasing?
- A. **Probably not.** The Congressional Budget Office expects premiums to be somewhat higher than they are today. Improvements in minimum coverage such as maternity care, mental health care, guaranteed coverage for pre-existing conditions, and demographic factors will play into premium calculation.
- Kaiser Family Foundation Policy Insights February 8, 2013



Q. Will PPACA make our benevolence programs obsolete?

A. **Probably not**— Here are 6 reasons why:

# 6 reasons why your benevolence programs may not become obsolete

1. Even if everyone has health insurance there will still be co-pays and deductibles with which horsemen may need assistance.

## 6 reasons why your benevolence programs not not become obsolete

2. Even if everyone has health insurance there may be coverage that is not provided under the minimum care levels such as: dental, vision, and some medical appliances with which horsemen may need assistance.



## 6 reasons why your benevolence programs may not become obsolete

3. Even if a person has Medicaid there are still items that may not be covered. Example: In Kentucky, Medicaid pays dental at the rate of fillings and extractions only, 1 cleaning & 1 x-ray per year. The Ky Racing H&W Fund pays for (within limits) dentures, crowns, bridges, and periodontal procedures in addition to fillings, extractions, 2 cleanings and x-rays.

## 6 reasons why your benevolence programs may not become obsolete

4. If a person has Medicaid they may have a great deal of difficulty finding a provider that will except Medicaid. Example: The Fund polled 8 of our most heavily utilized doctors; 3 would not accept Medicaid. In another large practice with 5 offices only 1 doctor accepted Medicaid.

## 6 reasons why your benevolence programs may not become obsolete

5. If a person has Medicaid from one state coverage may not be honored in another state. Example: A horseman is a resident of Minnesota and is receiving Medicaid coverage there; however he spends 7 months racing in Arizona. He may or may not find a doctor that will accept his Minnesota Medicaid coverage. If that person applies for Medicaid in both states he will be committing fraud.

## 6 reasons why your benevolence programs may not become obsolete

6. The goal of PPACA is to require all U.S. citizens and permanent residents to have health insurance. Through state health insurance exchanges and an expansion of Medicaid, the health care reform law will increase the availability of affordable coverage. But millions of undocumented immigrants are excluded from these programs.

# How will PPACA impact our affiliate?

1. Depending on your benevolence budget you may need to review your guidelines and benefit structure, and your position on how you will provide benefits for people who have insurance and those that are supposed to have insurance but do not buy it.
2. You may want to revisit your application to make sure it asks the right questions so that you can make an accurate assessment of the horsemen's request.

# How will PPACA impact our affiliate?

3. You may want to be more vigilant against possible cases of fraud particularly when going through your benevolence program is easier than negotiating through the PPACA maze.
4. You may find that opening a health or wellness center or reaching an agreement with a nearby immediate care center is more economical and provides better service to your horsemen than your current program.

# How will PPACA impact our affiliate?

5. You may want to place a greater emphasis on horsemen's services for your affiliate by preparing yourself and securing resource material for horsemen about PPACA. Having the address and phone number for local Medicaid office may be useful, or putting [www.whitehouse.gov/healthreform](http://www.whitehouse.gov/healthreform) in your bookmarks may prove handy.

# How will PPACA impact our affiliate?

For example, the following is a brief video on how the Insurance Market Place or Exchanges are supposed to work, beginning October 1, 2013. Having this in your arsenal of resource materials may save a lot of explaining on your part to horsemen as the deadline draws near, or you could link it to your website/Facebook page.

<http://youtu.be/2Rrg8GzWxs8>



# How will PPACA impact our affiliate?

6. Your benevolence program will not take the place of the required insurance. If you are currently assisting horsemen with some or all of their insurance premium that coverage will have to meet a minimum standard set by the government. Your benevolence plan may be able to assist as a last resort after insurance or Medicare and Medicaid. The following are policy statements which aid the Kentucky Racing Health and Welfare Fund:

# How will AAPACA impact our affiliate?

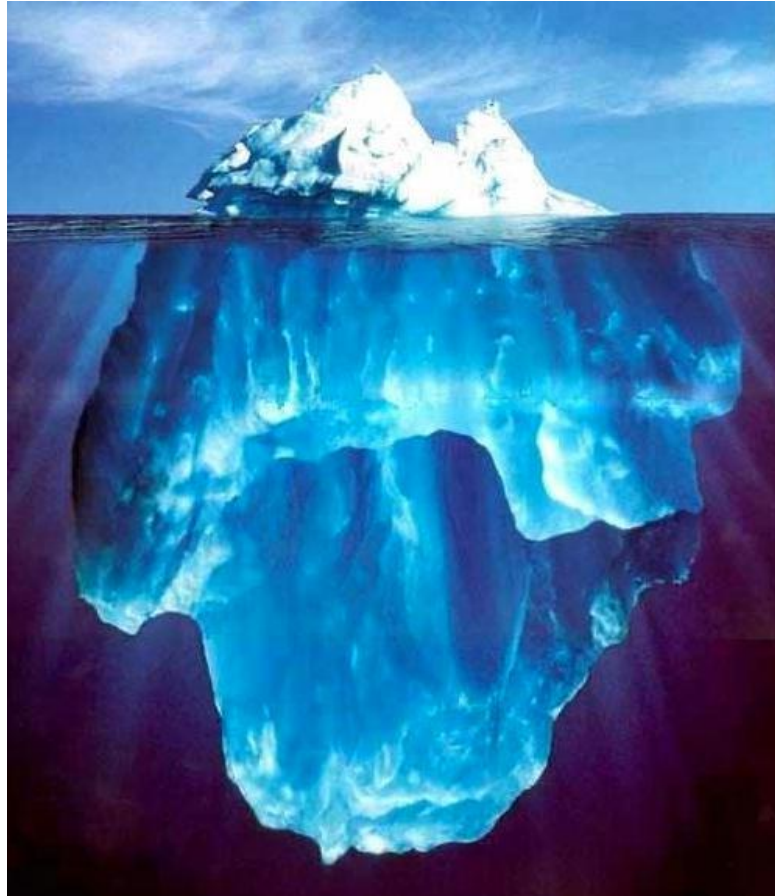
## **Disclaimer**

The Kentucky Racing Health and Welfare Fund is a non-profit charitable organization that receives no government funding or public tax revenue. It is not an insurance company and does not assume responsibility for any incurred charges nor does it guarantee approval for any request for assistance.

## **From our funding statute....**

..... (For those) who can demonstrate their need for financial assistance connected with death, illness, or off-the-job injury and are not otherwise covered by union health and welfare plans, workers' compensation, Social Security, public welfare, or any type of health, medical, death, or accident insurance.

It's not the end...



...it's just the tip of the iceberg!





