Horsemen's Perspective on National Health Care Reform

PART TRES

NATIONAL HBPA SUMMER CONVENTION August 16, 2014

Disclaimer

This is yet another chapter 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 nearly four years after it was signed into law. According to Pew Research the Act remains controversial. As of March 2014, 53 percent of those polled disapprove and 41 percent approve of the law.

Disclaimer continued

According to a Kaiser Family Foundation July 2014 poll 60% wanted their congressional representatives to work to improve the law while 35% wanted to repeal the law and start over with something else. 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.

Let’s begin by taking a brief look back at some of the major components that have impacted horsemen since the Health Care Reform was passed in 2010.

Components now in effect

- **Extending Coverage for Young Adults to age 26**
- **Access to Insurance for Uninsured Americans with Pre-Existing Conditions**
- **Eliminating Lifetime Limits on Insurance Coverage**
- **Health Insurance Exchanges**
- **Expanded Medicaid Coverage**
- **Individual Requirement to Have Insurance (Individual Mandate)**

Components now in effect

- **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.

Components now in effect

- **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.

Questions and Answers from Horsemen's Perspectives

Q. What is expanded Medicaid?

A key feature of the Affordable Care Act is the expansion of Medicaid to millions of low-income Americans, many of them uninsured. As of March 2014, Medicaid and CHIP enrollment grew by more than 4.8 million people. According to Kaiser Health News, as of June 9, 2014, 1.7 million people who had signed up were still waiting for their applications to be processed.

Some states have refused participation in the expansion. For those states that got on board, the federal government will pick up 100 percent of the extra costs a state incurs to expand its program. That will begin phasing down in 2017 and level off at 90 percent in 2020.

http://kff.org/medicaid/issue-brief/how-is-the-aca-impacting-medicaid-enrollment/

16 HBPA States that have expanded or are about to have expanded Medicaid as of May 5, 2014

Arizona
Arkansas
Colorado
Illinois
Iowa
Kentucky
Massachusetts
Michigan
Minnesota
New York
Ohio
Oregon
Texas
Virginia
Washington
West Virginia

What a horseman who lives in a state that has expanded Medicaid should know:

a. Must be a resident of that state to apply.

b. Income must be below 138% of Federal Poverty Level($15,856 for an individual as of 2013 – limit increases for families).

c. Must not be eligible for Medicare.

d. Apply through state or federal insurance exchanges or contact state Medicaid Office.

e. One approved, if the horseman has a primary care doctor, he should chose a Medicaid insurer which that doctor accepts.

f. If horseman does not have a primary care doctor she should chose one that is on her plan as soon as possible. Don't wait until an illness strikes.

f. May be responsible for a small co-pay or deductible.

h. Cannot be eligible for Medicaid in more than one state.

i. Coverage may not be portable from state to state.

10 HBPA States that *do not* have expanded Medicaid as of May 5, 2014

Alabama

Florida

Idaho

Indiana

Kansas

Louisiana

Montana

Nebraska

Oklahoma

Pennsylvania

What a horseman who lives in a state that does not have expanded Medicaid should know:

a. Must be a resident of that state to apply.

b. Income must be below that state's guidelines and must meet other requirements which are particular to state of residency.

c. Apply through state Medicaid office.

d. Can only apply for Medicaid in one state, state of residency.

e. Coverage may not be portable from state to state.

f. If not eligible for Medicaid he may be eligible for health insurance through state or federal health insurance exchanges with aid of a federally funded premium subsidy.

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

A. U.S. citizens and legal residents must obtain and maintain coverage for themselves and their dependents, or pay a 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. What about the penalty?

A. The penalty is deceptive. The stated first year penalty is $95 or 1 percent of income with a family maximum of $285. However, the ACA contains language that could bump up your tax burden considerably: it's the "whichever is greater" clause, which works like this:

The taxing penalty

- A married couple with two children and an annual household income of $70,000 decides not to buy health insurance in 2014, perhaps thinking that the $95 penalty is a better deal.
- What they may not know is the penalty is calculated by using the amount of income above the tax-filing threshold - $20,300 – for a married couple.

The taxing penalty

- This means that the family's penalty would be based on $49,700 (which is $70,000 minus $20,300).
- 1 percent of $49,700=$497 due April 15, 2015
- $497 is greater than the family maximum of $285.
- The same family under the same circumstances and income would pay a $988 penalty for 2015 and $2,085 for 2016.

The taxing penalty

- If you have a tax refund due, the penalty (tax) will come off of the top.

- The IRS has limited ACA enforcement powers. It is not allowed to use liens or levies to collect the tax. However, it may offset that liability against any tax refund that may be due to you. The IRS can grab the tax out of your refund, if you have one coming, but not much else.

Q. How will the IRS know if I purchased health insurance?

A. At this time, the plan is for you to "self-attest" whether you have purchased insurance via a check-off on your 1040 Form. It will most likely include a worksheet for you to calculate your taxing penalty if you did not purchase insurance. Your self-reporting will be verified by the IRS as it will require your insurance company to send information which includes your name, address, taxpayer ID number, insurance premium amount, the name of the insurance issuer, and policy number.

Q. What is the enrollment period?

A. The first enrollment period, in which you could purchase insurance through the exchange or insurance marketplace ended in April 2014. If you have a life changing event you may still purchase insurance through the exchange even though it is closed. It will reopen in November 2014, but your coverage will not be effective until January 1, 2015. Even if you purchase a plan in November you will still be charged the penalty, due April 15, 2015. In subsequent years, enrollment will only last from October to December. There are special exceptions, like losing employer-based coverage during an off month. HealthCare.gov, which serves the 36 states that do not have their own exchange, is getting a makeover before November, some fear is will not be finished in time, creating additional delays.

nextgov.com newsletter

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

A. No – 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 over 50 employees, when will I have to start providing insurance benefits?

A. The Obama administration announced in Feb. 2014 employers with 50 to 99 employees will have until January 1, 2016 before reporting requirements mandated by the Patient Protection and Affordable Care Act go into effect.

White House delays health insurance mandate for medium-sized employers until 2016 – Washington Post February 10, 2014

Q. What about horsemen with over 99 employees?

A. The Obama administration also announced that employers with over 99 employees will have until January 1, 2015 to offer at least 70 percent of their employees health insurance.

White House delays health insurance mandate for medium-sized employers until 2016 – Washington Post February 10, 2014

Q. I am a trainer who employs 50 to 99 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 could 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 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. As an individual, if your employer does not offer insurance and you do not purchase a qualified plan and you are not in the exempt group you may have to pay the penalty.

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

Q. I am a trainer and I need to purchase my own health insurance. I travel around to different states during the year. What should I do?

A. If you go through the exchange you must enroll in the insurance exchange of the state that you claim as your primary residence. If you live in one state and reside in another, you need health insurance that offers multi-state coverage. Before you enroll you should check to make sure that the plan you select has provider networks in the state that you need coverage.

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 ACA requires insurers in the individual and small group markets that propose premium increases of 10 percent or more to disclose publicly that information and explain why they think the increase is justified. Nothing prevents them from increasing the premiums except they are required to spend 80% of the premiums collected on health care.

Kaiser Family Foundation Michelle Andrews June 17, 2014

Q. What kind of increases can I expect from the policy I bought under the ACA health exchange?

A. That depends on where you live. For 2015 Louisiana Blue Cross is proposing increases of 18.3 to 19.7 percent. The rates proposed by the largest insurer in some other states ranged from 5.1 percent cut in Colorado to a 9 percent increase in Washington, Virginia, and Vermont. Marylanders who are insured by Kaiser face a 22.8 percent increase. In Louisiana the average premium in 2014 was $397 per month before the premium tax credit, reduced to $83 a month if eligible for the tax credit.

Bruce Albert, The Times-Picayune 7/16/14

Q. I purchased a policy on the exchange but I don't like the plan's terms, which were never explained to me. I would prefer to purchase a different policy. How do I make this happen?

A. You may have a tough time switching plans before the next open enrollment. In general people can only change plans midway through the year under limited circumstances; not liking or misunderstanding your policy is not included.

from June.

Border Patrol agents and im-

ships in their countries.

On Friday, President Obama

federal facilities designed to hold

sity of Texas-El Paso who has studied border security. The

The next day, that number climbed to 176.

2010 PHOTO BY DAVID MCNEW, GETTY IMAGES

SURPRISE! NEW HEALTH PLANS' LIMITATIONS ANGER ENROLLEES

Julie Appleby
Kaiser Health News

Nancy Pippenger and Marcia Perez live thousands of miles apart but have the same complaint: Doctors who treated them last year won't take their insurance now, even though they haven't changed insurers.

"They said, 'We take the old plan, but not the new one,' " says Perez, an attorney in Palo Alto, Calif.

In Plymouth, Ind., Pippenger got similar news from her longtime orthopedic surgeon, so she shelled out $300 from her own pocket to see him.

of insurance, they are covering more people — and some are shrinking enrollees' options further than before. The policies' limitations have surprised some enrollees used to broader job-based coverage or to plans they held before the law took effect.

"It's totally different," said Pippenger, 57, whose new Anthem Blue Cross plan doesn't pay for any care outside its network, although the job-based Anthem plan she had last year did. "Now I can't find a doctor."

Consumer groups argue that many enrollees were misled. In California, consumers filed class-action lawsuits against some insurers, alleging they were given inaccurate information about

ers are considering rules to ensure consumers' access to doctors. For plans being submitted for sale next year, the federal Department of Health and Human Services said it will more closely scrutinize whether networks are adequate.

Insurers say they are simply trying to provide low-cost plans in a challenging environment.

Anthem, one of the biggest sellers of individual insurance, offers only HMO-like plans through the new markets in six of the 14 states it serves, including New Hampshire, where it is the only insurer.

Anthem spokeswoman Kristin Binns said the insurer decided to move heavily into managed care in many of its markets after re-

access than they were afforded before," Binns said.

Still, she said Anthem expects to roll out plans with out-of-network coverage in 2015 in some areas where it does not offer them. She would not specify the regions.

Other insurers made similar decisions. Nationally, 43% of midlevel "silver" plans offered in California, New York and 34 states using the federal marketplace have no coverage outside their networks, a study by the American Cancer Society Cancer Action Network found.

"They're all doing it," says Wall Street analyst Ana Gupte of Leerink Swann, an investment bank. "Obamacare is putting pressure on their margins, so they're on the hook to moderate costs."

'Next pandemic' could be man-made

CDC warns about growing threat of antibiotic resistance

Hoai-Tran Bui
USA TODAY

Antibiotic resistance that turns ordinary disease-causing bacteria into illnesses that can't be controlled could bring about the "next pandemic," Centers for Disease Control and Prevention Director Tom Frieden warned this past week.

AP/GETTY IMAGES

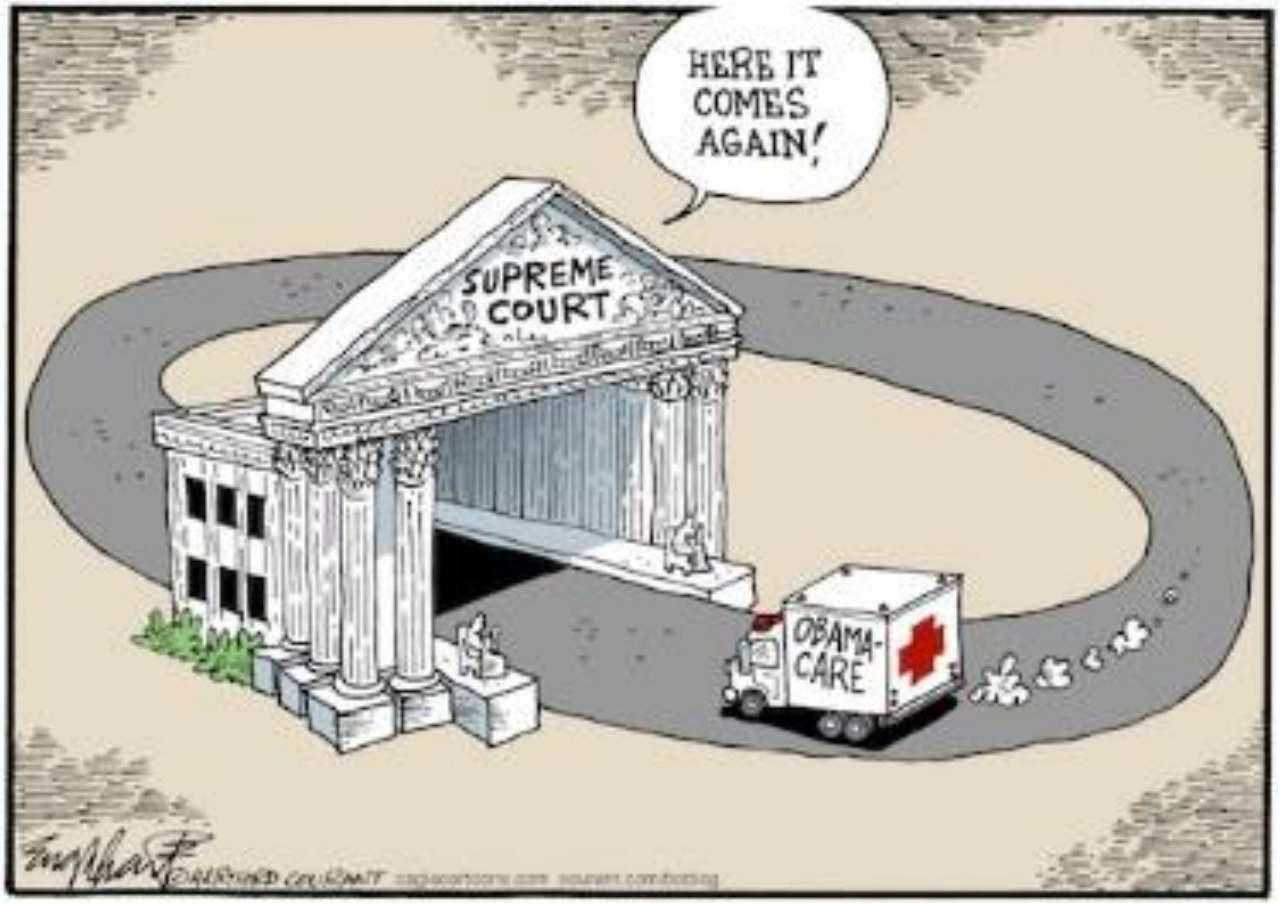
Frieden cites CRE bugs.

The growing threat of antibiotic-resistant bacteria can cause patients to "enter the hospital with one disease and leave with another," Frieden said at a National Press Club event. Antibiotics and similar drugs — referred to under the umbrella of anti-microbrial agents — have been commonly used to treat infections and diseases for the past 70 years. However, their common use has caused some bacteria to mutate and become resistant to these drugs, according to the CDC.

Frieden cited CRE — a deadly family of bacteria that are nearly immune to antibiotics — as one of the most problematic infections because of their ability to "jump" among organisms and even species.

Q. Speaking of health insurance purchased on exchanges what is Halbig and how might that impact my purchase.

A. Halbig refers to one of four lawsuits. In a ruling issued July 22, 2014 the U.S. Court of Appeals for the D.C. Circuit found that premium subsidies can only be provided for policies purchased through state exchanges. Those plans purchased through the Federal exchange should not be eligible for a subsidy. The case is headed for the Supreme court.


HERE IT COMES AGAIN!
SUPREME COURT
OBAMA-CARE

14 HBPA States that utilize federal exchanges as of April 2014

Alabama
Arkansas
Arizona
Florida
Indiana
Kansas
Louisiana
Michigan
Montana
Ohio
Oklahoma
Pennsylvania
Texas
Virginia

If you live in one of these states and purchased a plan through the exchange you will lose your subsidy if the decision is upheld.

www,kff.org/health-reform/state-indicator

9 HBPA States that have state exchanges as of April 2014

Colorado

Idaho

Kentucky

Massachusetts

Minnesota

Nebraska

New York

Oregon

Washington

If you live in one of these states and purchased a plan through the exchange your subsidy would remain in place if the decision is upheld.

www,kff.org/health-reform/state-indicator

3 HBPA States that have exchanges set up with partnership agreements as of April 2014

Illinois

Iowa

West Virginia

If you live in one of these states and purchased a plan through the exchange you may lose your subsidy if the decision is upheld.

www,kff.org/health-reform/state-indicator

Q. So what are the potential side effects of Halbig.

A. For the following two reasons it could be the thread that unravels the Affordable Health Care Act if the lower court decision is upheld:

1. Without subsidies, low and moderate income people may not be able to afford insurance, leaving millions of newly insured once again without insurance. Since most of these folks will be low income they will be exempt from any penalties. Removing the penalty removes the incentive to purchase insurance.

Potential side effects of Halbig…..

2. In the 34-36 states that use the federal exchange it would nullify the "employer mandate". The mandate calls for a penalty to be placed against the employer if the employer does not provide health insurance and at least one of their employees receives a subsidy when purchasing his or her own insurance through the federal exchange. According to Halbig, policies purchased on the fed ex are not eligible for a subsidy. If there are no subsidies for the employee to receive, there is no penalty to the employer and the incentive to make affordable health insurance available by the employer has been removed.

Potential side effects of Halbig….

If Halbig is upheld, and congress and the states do nothing to rectify the problem, the individual insurance market place would become unstable. For example: According to Joel Cantor, director of the State Center for Health Policy at Rutgers University, ‘If New Jersey, which is in a federally facilitated exchange, decided not to do anything to continue, 200,000 people would lose subsidies. That would be very disruptive to the entire market. It's very likely it would raise premiums for the rest of the market. The way markets work, if the price point gets higher, the people who are willing to pay that higher price are sicker, because it's more worth it for them.”

Larry Levitt and Gary Claxton Kaiser Family Foundation July 31, 2014 and nj.com

Q. Under the ACA are local hospitals required to offer uninsured people preventative services such as mammograms and colonoscopies, even if they don't have the ability to pay for those services?

A. Uninsured people can get care at federally funded health centers regardless of their ability to pay. The centers provide primary and preventative care at more than 9,000 locations nationwide.

Kaiser Family Foundation – Michelle Andrews May 20, 2014

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

A. It should reduce the demand on your benevolence program or allow you to provide benefits not covered by Medicaid.

5 reasons why your benevolence programs may not become obsolete

Q. Will ACA make our benevolence programs obsolete?

A. Probably not– Here are 5 reasons why:

5 reasons why your benevolence programs may not become obsolete

1. Not everyone is eligible to purchase health insurance, and those that do will still have co-pays and deductibles with which the H.B.P.A.may want to provide assistance.
2. Most insurance plans are not going to cover dental, eyeglasses, and medical appliances.

5 reasons why your benevolence programs not not become obsolete

3. Medicaid does not cover everything and has limits on certain items. You may chose to provide benefits for those items.

4. The demand for Medicaid doctors will far exceed the number of available Medicaid doctors. Horsemen in urgent situations will utilize non-Medicaid primary care centers and seek your assistance with the payment.

5 reasons why your benevolence programs may not become obsolete

5. A person can only have Medicaid from one state. As that person travels to different states there may be difficulty in finding a Medicaid doctor who will take out-of-state Medicaid insurance. Your H.B.P.A may chose to provide assistance for your out-of-state Medicaid horsemen and employees.

How will ACA impact our affiliate?

1. Depending on your benevolence budget, you may review your guidelines, your 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 ACA impact our affiliate?

3. You may want to be more vigilant against possible cases of fraud particularly since going through your benevolence program is easier than negotiating through the ACA maze.
4. You may find that opening a health/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 ACA impact our affiliate?

5. You may want to place a greater emphasis on horsemen services for your affiliate by preparing yourself and securing resource material for horsemen about ACA.

- The most common question you will encounter is: “Where and how do I apply?” Having the address and phone number for local Medicaid offices may be useful and the web address for your state and federal exchange handy.
- You will have to decide if you have the resources to personally assist horsemen with the website or paper application.
- You may want to contact local organizers or “navigators” to come to your backside.

How will ACA impact our affiliate?

Q. Will our affiliate be doing something unlawful if we provide benevolence to someone who is suppose to have health insurance but does not?

A. No.

How will ACA impact our affiliate?

Short term impact on the Kentucky Racing Health and Welfare Fund - after the first six months of the ACA:

1. Twenty clients (including family members) have successfully signed up for and received Medicaid. Others may have been successful in signing up as well and no longer try to access the Fund's benefits.
2. The total health care dollars paid through June 2014 in ACA impacted areas is down 39.1 percent compared to last year. Below is a partial sampling:

	2014	2013	%
Hospital	$ 62,263	$ 67,381	- 7.6
Doctor	80,124	179,735	-55.4
Labs	13,316	20,324	-34.5
Rxs	57,639	82,691	-30.3
Total	$213,342	$ 350,131	-39.1

How will ACA impact our affiliate?

Short term impact on the Kentucky Racing Health and Welfare Fund after the first six months of the ACA:

3. Client requests to the Fund for assistance (contacts) through June 2013 were 1,014; compared to 808 through June 2014 – down 20 percent.

4. Patient visits at the Kentucky Racing Health Services Center through June 2013 were 464; compared to 371 through June 2014 – down 20 percent.

Not all of these reductions are the result of the ACA. There are various influences beyond our control each year. However, the Fund's Board of Directors has taken actions in an attempt to position the Fund in good standing for the long run and will continue to adjust the guideline to respond to changes in the ACA and the shifting health care landscape.

How will ACA impact our affiliate?

Positioning the Kentucky Racing Health and Welfare Fund for the long term:

The uncashed tickets in Kentucky continue to shrink due to reduced handle and increased ADW wagering. Medical charges continue to increase and negotiating medical charges has become more difficult. The Fund has taken the following steps to assure its position in providing the best health care for the least amount of money while trying to avoid draconian cuts to benefits in the event of a steep decline in revenue.

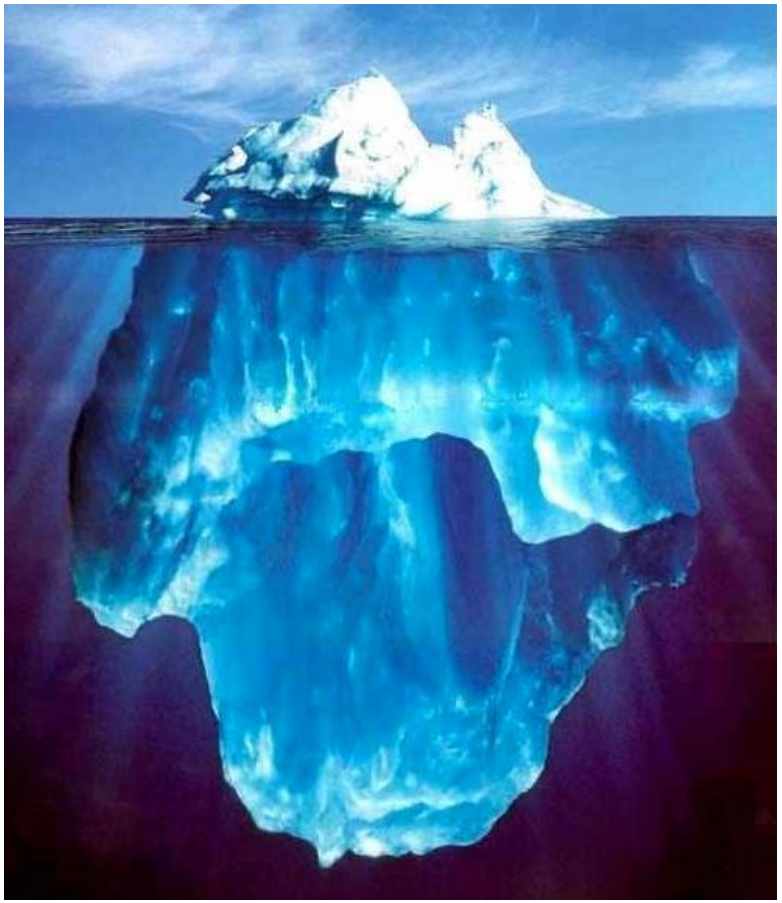
1. Continue to utilize the Kentucky Racing Health Services Center as the primary gate keeper before accessing specialists. On June 1, 2014 started a $5 co-pay for all visits to the Center.
2. Instituted a series of co-pays for outside doctor visits ranging from $10 to $35. $100 co-pay for emergency room visits for non-emergent reasons.

How will ACA impact our affiliate?

Positioning the Kentucky Racing Health and Welfare Fund for the long term:

3. Require individuals to apply for financial assistance for hospital charges. If the patient fails to apply for assistance the Fund will not provide any payment.
4. As of January 1, 2014 clients must submit most recent W2 or Form 1099 from an eligible Kentucky trainer to receive full benefits.
5. Never fail to try and negotiate a settlement offer on a medical charge over $600. Signed a 3 year agreement to cut Rx costs by at least 25%.
6. Promote and participate in race track health fairs. Always try to refer not-eligible clients to free or sliding scale community doctors and treatment centers.
7. Pay all hospital charges at uninsured discount rate with a maximum annual limit of $7,000.

It’s not the end…



…it’s still just the tip of the iceberg!