



HBS *Update*

August 18, 2010

Time Table for Healthcare Reform

Healthcare Reform is now law. The implications of the biggest overhaul of the medical system since the inception of Medicare demands special attention from all healthcare administrators. Healthcare Business Specialists has developed a series of seminars to update you on the impact of these changes in relation to your physician practice and specifically rural health clinics. Positioning your clinic to survive and thrive in the next decade is dependent on how well you adapt to the new healthcare environment. With this in mind, we are developing materials for the seminars and wanted to share some of those materials in this newsletter. We have summarized the healthcare reform implementation timetable from the new healthcare.gov website (<http://www.healthcare.gov/law/timeline/index.html>) and presented it on the following pages. We hope it is helpful to you as you work on health care reform implementation strategies.



2010

On March 23, 2010, President Obama signed the Affordable Care Act. The law puts in place comprehensive health insurance reforms that will roll out over four years and beyond, with most changes taking place by 2014. Others have already begun. Use this timeline to learn about what's changing and when.

Providing Small Business Health Insurance Tax Credits

Effective Jan. 1, 2010

Up to 4 million [small businesses are eligible for tax credits](#) to help them provide insurance benefits to their workers. The first phase of this provision provides a credit worth up to 35% of the employer's contribution to the employees' health insurance. Small non-profit organizations may receive up to a 25% credit.

Allowing States to Cover More People on Medicaid

Effective April 1, 2010

States will be able to receive federal matching funds for covering some additional low-income individuals and families under Medicaid for whom federal funds were not previously available. This will make it easier for states that choose to do so to cover more of their residents.



Relief for Four Million Seniors Who Hit the Medicare Prescription Drug “Donut Hole”

First checks mailed in June, 2010, and will continue monthly throughout 2010 as seniors hit the coverage gap. An estimated 4 million seniors will reach the gap in Medicare prescription drug coverage known as the “donut hole” this year. [Each such senior will receive a \\$250 rebate.](#)

Cracking Down on Health Care Fraud

Many provisions effective now

Current efforts to fight fraud have returned more than \$2.5 billion to the Medicare Trust Fund in FY 2009 alone. The new law invests new resources and requires new screening procedures for health care providers to boost these efforts and [reduce fraud and waste in Medicare](#), Medicaid, and CHIP.

Expanding Coverage for Early Retirees

Applications for employers to participate in the program available June 1, 2010. Learn more about the [Early Retiree Reinsurance Program](#).

Too often, Americans who retire without employer-sponsored insurance and before they are eligible for Medicare see their life savings disappear because of high rates in the individual market. To preserve employer coverage for early retirees until more affordable coverage is available through the new Exchanges by 2014, the new law creates a \$5 billion program to provide needed financial help for employment-based plans to continue to provide valuable coverage to people who retire between the ages of 55 and 65, as well as their spouses and dependents.



Providing Access to Insurance for Uninsured Americans with Pre-Existing Conditions

National program established July 1, 2010

A Pre-Existing Condition Insurance Plan will provide new coverage options to individuals who have been uninsured for at least six months because of a pre-existing condition. States have the option of running this new program in their state. If a state chooses not to do so, a plan will be established by the Department of Health and Human Services in that state. This program serves as a bridge to 2014, when all discrimination against pre-existing conditions will be prohibited. Learn more about the [Pre-Existing Condition Insurance Plan](#).

Putting Information Online

Effective July 1, 2010

The law provides for [an easy-to-use website](#) where consumers can compare health insurance coverage options and pick the coverage that works for them.

Extending Coverage for Young Adults

Effective for health plan years beginning on or after September 23, 2010

Under the new law, young adults will be allowed to stay on their parent's plan until they turn 26 years old. (In the case of existing group health plans, this right does not apply if the young adult is offered insurance at work.) Some insurers began implementing this practice early. Check with your insurance company or employer to see if you qualify. *Learn more about the [young adults insurance policy](#).*



Providing Free Preventive Care

Effective for health plan years beginning on or after September 23, 2010

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

[Learn more about preventive care benefits](#)

Prohibiting Insurance Companies from Rescinding Coverage

Effective for health plan years beginning on or after September 23, 2010

In the past, insurance companies could 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 got sick. The new law makes this illegal. After media reports cited incidents of breast cancer patients losing coverage, insurance companies agreed to end this practice immediately.

Appealing Insurance Company Decisions

Effective for new plans beginning on or after September 23, 2010

The law provides consumers with a way to appeal coverage determinations or claims to their insurance company, and establishes an external review process.

Eliminating Lifetime Limits on Insurance Coverage

Effective for health plan years beginning on or after September 23, 2010

Under the new law, insurance companies will be prohibited from imposing lifetime dollar limits on essential benefits, like hospital stays.



Regulating Annual Limits on Insurance Coverage

Effective for health plan years beginning on or after September 23, 2010

Under the new law, insurance companies' use of annual dollar limits on the amount of insurance coverage a patient may receive will be restricted for new plans in the individual market and all group plans. In 2014, the use of annual dollar limits on essential benefits like hospital stays will be banned for new plans in the individual market and all group plans.

Prohibiting Denying Coverage of Children Based on Pre-Existing Conditions

Effective for health plan years beginning on or after September 23, 2010 for new plans and existing group *plans*

The new law includes new rules to prevent insurance companies from denying coverage to children under the age of 19 due to a pre-existing condition.

Holding Insurance Companies Accountable for Unreasonable Rate Hikes

Grants will be awarded beginning in 2010

The law allows states that have, or plan to implement, measures that require insurance companies to justify their premium increases to be eligible for \$250 million in new grants. Insurance companies with excessive or unjustified premium increases may not be able to participate in the new health insurance Exchanges in 2014.



RuralHealthClinic.com
Experienced Knowledge

Rebuilding the Primary Care Workforce

Effective 2010

To strengthen the availability of primary care, there are new incentives in the law to expand the number of primary care doctors, nurses and physician assistants, including funding for scholarships and loan repayments for primary care doctors and nurses working in underserved areas. Doctors and nurses receiving payments made under any State loan repayment or loan forgiveness program intended to increase the availability of health care services in underserved or health professional shortage areas will not have to pay taxes on those payments.

Preventing Disease and Illness

Funding begins in 2010

A new \$15 billion Prevention and Public Health Fund will invest in proven prevention and public health programs that can help keep Americans healthy - from smoking cessation to combating obesity.

Strengthening Community Health Centers

Effective 2010

The law includes new funding to support the construction of and expansion of services at community health centers, allowing these centers to serve some 20 million new patients across the country.

Payments for Rural Health Care Providers

Effective 2010 - Today, 68% of medically underserved communities across the nation are in rural areas, and these communities often have trouble attracting and retaining medical professionals. The law provides increased payment to rural health care providers to help them continue to serve their communities.



2011

Prescription Drug Discounts

Effective January 1, 2011

Seniors who reach the coverage gap will receive a 50 percent discount when buying Medicare Part D covered brand-name prescription drugs. Over the next ten years, seniors will receive additional savings on brand-name and generic drugs until the coverage gap is closed in 2020.

Free Preventive Care for Seniors

Effective January 1, 2011

The law provides certain free preventive services, such as annual wellness visits and personalized prevention plans, for seniors on Medicare.

Bringing Down Health Care Premiums

The rebate program will begin January 1, 2011

To ensure premium dollars are spent primarily on health care, the new law generally requires that at least 85% of all premium dollars collected by insurance companies for large employer plans are spent on health care services and health care quality improvement. For plans sold to individuals and small employers, at least 80% of the premium must be spent on benefits and 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.



Addressing Overpayments to Big Insurance Companies and Strengthening Medicare Advantage

Effective January 1, 2011

Today, Medicare pays Medicare Advantage insurance companies over \$1,000 more per person on average than is spent per person in Original Medicare. This results in increased premiums for all Medicare beneficiaries, including the 77 percent of beneficiaries who are not currently enrolled in a Medicare Advantage plan. The new law levels the playing field by gradually eliminating this discrepancy. People enrolled in a Medicare Advantage plan will still receive all guaranteed Medicare benefits, and the law provides bonus payments to Medicare Advantage plans that provide high quality care. *Learn more about [improvements to Medicare](#).*

Improving Health Care Quality and Efficiency

Effective no later than January 1, 2011

The law establishes a new Center for Medicare & Medicaid Innovation that will begin testing new ways of delivering care to patients. These new methods are expected to improve the quality of care and reduce the rate of growth in costs for Medicare, Medicaid, and the Children's Health Insurance Program (CHIP). By January 1, 2011, HHS will submit a national strategy for quality improvement in health care, including these programs.

Improving Care for Seniors after They Leave the Hospital

Effective January 1, 2011

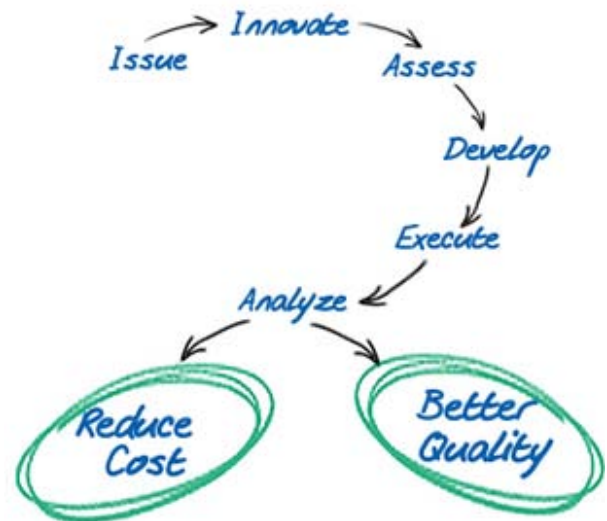
The Community Care Transitions Program will help high-risk Medicare beneficiaries who are hospitalized avoid unnecessary readmissions by coordinating care and connecting patients to services in their communities.



New Innovations to Bring Down Costs

Administrative funding becomes available October 1, 2011

The Independent Payment Advisory Board will begin operations to develop and submit proposals to Congress and the President aimed at extending the life of the Medicare Trust Fund. The Board is expected to focus on ways to target waste in the system, and recommend ways to reduce costs, improve health outcomes for patients, and expand access to high-quality care.



Increasing Access to Services at Home and in the Community

Effective beginning October 1, 2011

The new Community First Choice Option allows States to offer home and community based services to disabled individuals through Medicaid rather than institutional care in nursing homes.



2012

Encouraging Integrated Health Systems

Effective January 1, 2012

The new law provides incentives for physicians to join together to form “Accountable Care Organizations.” In these groups, doctors can better coordinate patient care and improve the quality, help prevent disease and illness, and reduce unnecessary hospital admissions. If Accountable Care Organizations provide high quality care and reduce costs to the health care system, they can keep some of the money that they have helped save.

Understanding and Fighting Health Disparities

Effective March, 2012

To help understand and reduce persistent health disparities, the law requires any ongoing or new Federal health program to collect and report racial, ethnic and language data. The Secretary of Health and Human Services will use this data to help [identify and reduce disparities](#).

Providing New, Voluntary Options for Long-Term Care Insurance

Benefit plan no later than October 1, 2012

The law creates a voluntary long-term care insurance program - called CLASS - to provide cash benefits to adults who become disabled.



Reducing Paperwork and Administrative Costs

First regulation effective October 1, 2012

Health care remains one of the few industries that relies on paper records. The new law will institute a series of changes to standardize billing and requires health plans to begin adopting and implementing rules for the secure, confidential, electronic exchange of health information. Using electronic health records will reduce paperwork and administrative burdens, cut costs, reduce medical errors and, most importantly, improve the quality of care.

Linking Payment to Quality Outcomes

Effective for payments for discharges occurring on or after October 1, 2012

The law establishes a hospital Value-Based Purchasing program (VBP) in Original Medicare. This program offers financial incentives to hospitals to improve the quality of care. Hospital performance is required to be publicly reported, beginning with measures relating to heart attacks, heart failure, pneumonia, surgical care, health-care associated infections, and patients' perception of care.

Reminder: Information provided by CMS.





2013

Improving Preventive Health Coverage

Effective January 1, 2013 - To expand the number of Americans receiving preventive care, the law provides new funding to state Medicaid programs that choose to cover preventive services for patients at little or no cost.

Increasing Medicaid Payments for Primary Care Doctors

Effective January 1, 2013 - As Medicaid programs and providers prepare to cover more patients in 2014, the Act requires states to pay primary care physicians no less than 100 percent of Medicare payment rates in 2013 and 2014 for primary care services. The increase is fully funded by the federal government.

Expanded Authority to Bundle Payments

Effective no later than January 1, 2013. - The law establishes a national pilot program to encourage hospitals, doctors, and other providers to work together to improve the coordination and quality of patient care. Under payment “bundling,” hospitals, doctors, and providers are paid a flat rate for an episode of care rather than the current fragmented system where each service or test or bundles of items or services are billed separately to Medicare. For example, instead of a surgical procedure generating multiple claims from multiple providers, the entire team is compensated with a “bundled” payment that provides incentives to deliver health care services more efficiently while maintaining or improving quality of care. It aligns the incentives of those delivering care, and savings are shared between providers and the Medicare program.

Additional Funding for the Children’s Health Insurance Program (CHIP)

Effective October 1, 2013 -Under the new law, states will receive two more years of funding to continue coverage for children not eligible for Medicaid.



2014

Establishing Health Insurance Exchanges

Effective January 1, 2014

Starting in 2014 if your employer doesn't offer insurance, you will be able to buy insurance directly in an Exchange ~ a new transparent and competitive insurance marketplace where individuals and small businesses can buy affordable and qualified health benefit plans. Exchanges will offer you a choice of health plans that meet certain benefits and cost standards. Starting in 2014, Members of Congress will be getting their health care insurance through Exchanges, and you will be able buy your insurance through Exchanges too.

Promoting Individual Responsibility

Effective January 1, 2014

Under the new law, most individuals who can afford it will be required to obtain basic health insurance coverage or pay a fee to help offset the costs of caring for uninsured Americans. If affordable coverage is not available to an individual, he or she will be eligible for an exemption.

Ensuring Free Choice

Effective January 1, 2014

Workers meeting certain requirements who cannot afford the coverage provided by their employer may take whatever funds their employer might have contributed to their insurance and use these resources to help purchase a more affordable plan in the new health insurance Exchanges. These new



competitive marketplaces will allow individuals and small businesses to buy qualified health benefit plans. Starting in 2014, Members of Congress will be getting their health care insurance through Exchanges and all Americans will have the choice of buying insurance through them, too.

Increasing Access to Medicaid

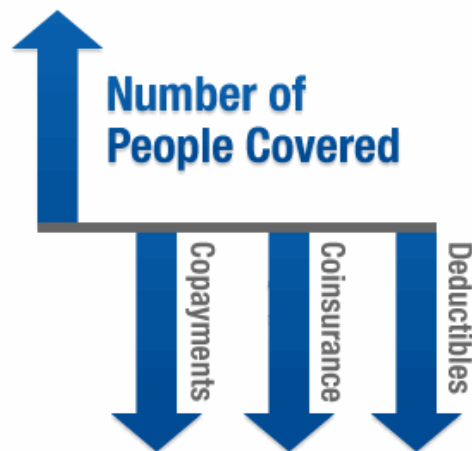
Effective January 1, 2014

Americans who earn less than 133 percent of the poverty level (approximately \$14,000 for an individual and \$29,000 for a family of four) will be eligible to enroll in Medicaid. States will receive 100 percent federal funding for the first three years to support this expanded coverage, phasing to 90 percent federal funding in subsequent years.

Makes Care More Affordable

Effective January 1, 2014

Tax credits to make it easier for the middle class to afford insurance will become available for people with incomes above 100 percent and below 400 percent of poverty (\$43,000 for an individual or \$88,000 for a family of four in 2010) who are not eligible for or offered other affordable coverage. These individuals may also qualify for reduced cost-sharing (e.g. copayments, coinsurance, and deductibles).





Ensuring Coverage for Individuals Participating in Clinical Trials

Effective January 1, 2014

Insurers will be prohibited from dropping or limiting coverage because an individual chooses to participate in a clinical trial. This applies to all clinical trials that treat cancer or other life-threatening diseases.

Eliminating Annual Limits on Insurance Coverage

Effective January 1, 2014

The law prohibits new plans and existing group plans from imposing annual dollar limits on the amount of coverage an individual may receive.

No Discrimination Due to Pre-Existing Conditions or Gender

Effective January 1, 2014

The law implements strong reforms that prohibit insurance companies from refusing to sell coverage or renew policies because of an individual's pre-existing conditions. Also, in the individual and small group market, it eliminates the ability of insurance companies to charge higher rates due to gender or health status.

Increasing Small Business Health Insurance Tax Credit

Effective January 1, 2014

The law implements the second phase of the small business tax credit for qualified small businesses and small non-profit organizations. In this phase, the credit is up to 50 percent of the employer's contribution to provide health insurance for employees. There is also up to a 35 percent credit for small non-profit organizations.



2015

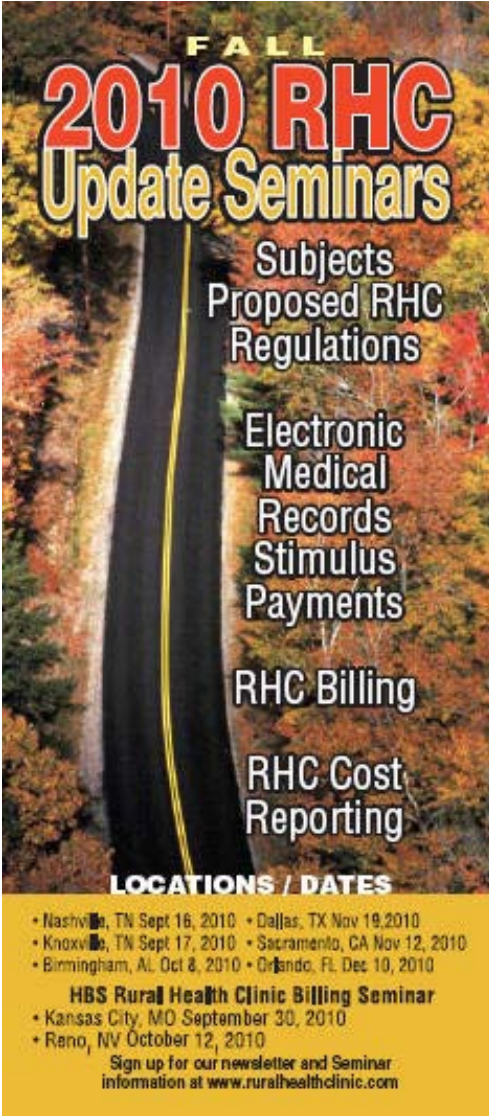
Paying Physicians Based on Value Not Volume

Effective January 1, 2015

A new provision will tie physician payments to the quality of care they provide. Physicians will see their payments modified so that those who provide higher value care will receive higher payments than those who provide lower quality care.



RHC Update and Billing Seminars



FALL
2010 RHC
Update Seminars

Subjects
Proposed RHC
Regulations

Electronic
Medical
Records
Stimulus
Payments

RHC Billing

RHC Cost
Reporting

LOCATIONS / DATES

- Nashville, TN Sept 16, 2010 • Dallas, TX Nov 19, 2010
- Knoxville, TN Sept 17, 2010 • Sacramento, CA Nov 12, 2010
- Birmingham, AL Oct 8, 2010 • Orlando, FL Dec 10, 2010

HBS Rural Health Clinic Billing Seminar

- Kansas City, MO September 30, 2010
- Reno, NV October 12, 2010

Sign up for our newsletter and Seminar information at www.ruralhealthclinic.com

We are sending out a postcard next week on our rural health clinic and billing seminars so look for it in the mail. We have added dates in Dallas, Orlando, and Sacramento so look for those dates as well. Here is the link to the postcard that will be in the mail. The update seminars will feature information on medical homes, bundled payment, and accountable health organizations as well as the latest information on the Electronic Health Records Stimulus payments. The morning session will be all legislative changes and Electronic Health Records and the afternoon sessions are related to RHC Billing, Cost Reporting, and Annual Evaluations. If you would like to only attend the morning session, the fee is \$150.00 or the afternoon session the fee is \$150.00 as well. You do not have to be a rural health clinic to benefit from the information presented in the morning session. Here is the link:

[2010 RHC Update Fall Seminar Brochure Page 1.pdf](#)

[2010 RHC Update Brochure Page 2.pdf](#)



Here are the links to register for the seminars. Let us know if you have a problem with any of them. Thank you and we hope to see you at one of the seminars.

[RHC Update Seminar in Nashville, TN on September 16, 2010](#)

[RHC Update Seminar in Knoxville, TN on September 17, 2010](#)

[RHC Update Seminar in Birmingham, AL on October 8, 2010](#)

[RHC Update Seminar in Sacramento, CA on November 12, 2010](#)

[RHC Update Seminar in Dallas, TX on November 19, 2010](#)

[RHC Update Seminar in Orlando FL on December 10, 2010](#)

[Kansas City, MO RHC 101 Billing Seminar on September 30, 2010](#)

[Reno, NV RHC 101 Billing Seminar on October 19, 2010](#)

<i>Date</i>	<i>Location</i>	<i>Subject</i>	<i>Time</i>
<i>Thursday, Sept. 16</i>	Nashville, TN	RHC Update	9:30 to 4:00
<i>Friday, September 17</i>	Knoxville, TN	RHC Update	9:30 to 4:00
<i>Friday, October 8</i>	Birmingham, AL	RHC Update	9:30 to 4:00
<i>Thursday, Sept. 30</i>	Kansas City, MO	RHC Billing	9:30 to 4:00
<i>Tuesday, October 19</i>	Reno, NV	RHC Billing	9:30 to 4:00
<i>Friday, November 12</i>	Sacramento, CA	RHC Update	9:30 to 4:00
<i>Friday, November 19</i>	Dallas, TX	RHC Update	9:30 to 4:00
<i>Friday, December 10</i>	Orlando, FL	RHC Update	9:30 to 4:00

H B S

Healthcare Business Specialists



Thanks for reading this newsletter. I hope it was informative and helpful. Thanks and look forward to seeing everyone at one of the seminars.

Mark R. Lynn

RHC Consultant

Suite 214, 502 Shadow Parkway

Chattanooga, TN 37421

Telephone: (423) 899-0945

Fax: (800) 268-5055

Email: la_vita_nouva@hotmail.com

Website: www.ruralhealthclinic.com

Business Email: marklynn@healthcarebusinessspecialists.com

Website: www.healthcarebusinessspecialists.com

