



## Health Care Reform Summary of Changes for 2013

Deadline Date Applies To:	Provision
January 1, 2013 State	<ul style="list-style-type: none"> <li>• Deadline for HHS to approve, conditionally approve, or disapprove state-based exchanges for operation.</li> <li>• Federal matching rate to states increases one percentage point for expanded Medicaid preventive services (A or B rated by Preventive Services Task Force) without patient cost sharing.</li> <li>• Primary care rates under Medicaid increase to Medicare rates with full federal funding for two years (applicable in 2013 and 2014).</li> </ul>
January 1, 2013, Employer	<ul style="list-style-type: none"> <li>• Medicare payroll tax increases 0.9 percent (on top of current 1.45 percent tax) on wage income above \$200,000 for individuals, \$250,000 for joint filers.</li> <li>• \$2,500 per plan year cap begins for Flexible Spending Account contributions.</li> <li>• Plans beginning or renewing in 2013 must provide coverage of certain contraceptives with no cost sharing as part of preventive health services except for grandfathered plans and certain religious employers.</li> <li>• Employers receiving federal subsidies to continue retiree drug coverage can no longer take those subsidies as a tax deduction.</li> </ul>
January 1, 2013, Consumer	<ul style="list-style-type: none"> <li>• 3.8 percent Medicare tax on "net investment income" (unearned income such as interest, dividends, annuities and capital gains) begins on income above \$200,000 for individuals, \$250,000 for joint filers.</li> <li>• Federal subsidies begin for brand name prescriptions in the Medicare drug coverage gap. (Manufacturers give 50 percent discount as they have starting in 2011. In 2013, federal government subsidizes 2.5 percent of remaining 50 percent; beneficiary pays remaining 47.5 percent. For generics, federal government pays 21 percent of cost; beneficiary pays 79 percent – compared to 14/86 percent split in 2012).</li> <li>• The itemized deduction threshold for unreimbursed medical expenses increases from 7.5 percent of adjusted gross income to 10 percent of adjusted gross income except for individuals aged 65 and older (who keep the 7.5 percent threshold through 2016).</li> </ul>
January 1, 2013, Plan	<ul style="list-style-type: none"> <li>• Patient-Centered Outcomes Research Institute (PCORI) fee increases from \$1.00 per member per year in 2012 to \$2.00 per member per year for 2013.</li> </ul>
January 1, 2013, Provider	<ul style="list-style-type: none"> <li>• 2.3 percent excise tax begins on the sale of taxable medical devices.</li> <li>• Medicare Bundled Payment Pilot Program is authorized to begin paying providers bundled amounts for all services associated with certain episodes of care, though implementation will not occur until later in 2013.</li> </ul>
February 15, 2013, State	<ul style="list-style-type: none"> <li>• Deadline for states to submit plans for state-federal partnership exchanges that will be operational for open enrollment in October 2013.</li> </ul>
March 31, 2013, Employer	<ul style="list-style-type: none"> <li>• Deadline for employers to notify employees about new health insurance exchanges. <b>(Delayed pending further guidance)</b></li> </ul>



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April 1, 2013 Provider	<ul style="list-style-type: none"> <li>• Disclosure requirement of financial relationships between health entities, including physicians, hospitals, pharmacists, other providers, and manufacturers and distributors of covered drugs, devices, biologicals, and medical supplies begins. Report to Congress due April 1, 2013.</li> </ul>
June, 2013 (Date TBD) State	<ul style="list-style-type: none"> <li>• Federal exchange navigator grants awarded.</li> </ul>
July 1, 2013 Plan	<ul style="list-style-type: none"> <li>• Consumer Operated and Oriented Plan (CO-OP) implemented with non-profit, member-run health insurance companies.</li> </ul>
Before October 1, 2013 (Date TBD) Plan	<ul style="list-style-type: none"> <li>• Health plans wanting to sell on the Health Insurance Exchanges must develop "Qualified Health Plans" (QHPs) – what to offer and rates – and become certified to be offered on the exchange.</li> </ul>
Before October 1, 2013 (Date TBD) State	<ul style="list-style-type: none"> <li>• States must approve rates and forms for health plan products to be certified as Qualified Health Plans.</li> </ul>
October 1, 2013, All	<ul style="list-style-type: none"> <li>• Open enrollment for individuals and small businesses in certified QHPs on exchanges begins.</li> <li>• Medicare Disproportionate Share Hospital (DSH) payments will be cut. The Secretary of HHS is required to develop a methodology for distributing the DSH cuts and state allotments taking into account the percent of the population uninsured and the amount of uncompensated care provided.</li> </ul>
December 31, 2013, State	<ul style="list-style-type: none"> <li>• State deadline to apply for Level 1 or Level 2 Exchange establishment grants. Level 2 grants are funding awards for states to continue to establish their exchanges. States applying for a Level 2 grant must already have the legal authority in place to operate an exchange.</li> </ul>

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