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Communications

04/01/2010 Letter from Chris Gorey - Health care reform is here. Now what?

The passage of the Patient Protection and Affordable Care Act (PPACA) in March 2010 was a significant milestone in the nation's efforts to reform health care. Regence has long been an advocate for reforming the health care system, and we are committed to doing all we can to ensure that the critical elements of PPACA are successful.

The focus now turns to implementation. While there are many details yet to be understood and defined at the federal level, we will continue designing programs and products that deliver service and value to members and producers as we adapt to a changing health care industry.

Overview

During the next eight years, PPACA will set in motion efforts to extend access to coverage and mechanisms that will pay for that access. To a lesser extent, the legislation also includes attempts to improve the quality of care, shift the payment emphasis from volume to outcomes, and moderate the rise of medical spending.

It is impossible to speculate about details on pricing, benefit design and other factors. The industry will work out those details in the coming months, and we expect to communicate with you and our members when we have that information.

The following changes will occur this year:

- **Insurance market reforms:**
 - Parents are allowed to keep their children on their health plans until age 26.
 - Lifetime dollar limits on policies are banned.
 - Plans can no longer cancel coverage retroactively for reasons other than outright fraud.
 - A temporary, national high-risk pool will be established to provide health coverage to individuals with pre-existing medical conditions (starting 90 days following the enactment of PPACA and running until Jan. 1, 2014).
- **Senior citizens** could get more help paying for drugs through Medicare.
- **Small-business tax credits** will be available to help provide coverage for workers.
- **Early retirees (ages 55-64)** will have access to a temporary reinsurance program that will help companies maintain health coverage for early retirees. This program expires in 2014.

Frequently Asked Questions

Many members called us in the first days after House passage of PPACA to ask how health care reform would affect them. Here are some of the most frequently asked questions.

Is it true that everyone has to buy health insurance?

Not until 2014. All Americans will be required to obtain coverage or face an annual penalty starting in 2014. The initial penalty will be \$95. By 2016, the penalty will be the greater of

two alternatives: a flat fee of \$695 or 2.5% of income. There is an exemption for low-income people.

Do carriers have to accept everyone now?

The big changes in the law— the ones that could affect tens of millions of people— don't kick in until 2014. Those include insurance marketplaces called "exchanges"; rules requiring carriers to accept all applicants, even those with health problems; and an expansion of state Medicaid programs.

I own a small business. Am I now required to provide health insurance for my employees?

Businesses that do not provide coverage will be assessed a \$2,000 per-employee fee starting in 2014. The fee will be assessed on the company's entire workforce, minus an allowance. Companies with 50 or fewer workers are exempt from the requirement. A small-business tax credit will be available to help provide coverage for workers.

I heard there will be subsidies to help people buy health insurance. Is that true?

Aid will be made available to households on a sliding-scale based on the federal poverty level.

Does this mean we have a government-run plan?

No. Starting in 2014, people purchasing coverage through the exchanges will have the option of signing up for national plans overseen by the same federal office that manages the health plans available to members of Congress.

Learn more about PPACA

An implementation timetable and further reference sources are available on our [public Web site](#) and on the [Kaiser Family Foundation site](#).

Sincerely,

Chris Gorey, Vice President Sales
Regence BlueShield

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