

**Healthcare Reform Series – Initial Overview of U.S. Healthcare Reform**

On March 23, 2010 the President of the United States signed into law H.R. 3590 – the Patient Protection and Affordable Care Act. *How did the Bill get to the President and what happened to it after signing?* This Bill had been passed by the Senate on December 24, 2009 and was subsequently passed by the House of Representatives on March 21, 2010. On that same day, House of Representatives modified H.R. 3590 with H.R. 4872 – the Reconciliation Act of 2010. H.R. 4872 then went back to the Senate, which passed the Bill on March 25, 2010 with minor changes. Due to these changes, the Senate’s modified version of H.R. 4872 then went back to the House of Representatives, which passed the modified Bill on March 25, 2010. Ultimately, the President of the United States then signed into law H.R. 4872 on March 30, 2010.

Despite the long, politically maneuvered and tumultuously debated healthcare reform process, our country has been given the most sweeping healthcare industry regulatory changes since the establishment of the Medicare and Medicaid programs with the passage of the Social Security Act of 1965.

What is in this monstrous 2,000-plus page bill? Some of the high-level provisions are illustrated in the table below.

Healthcare Reform Snapshot

	Amount	Who Pays?
<b>Increases</b>		
Newly Insured’s	32 Million	Taxpayers
Overall Government Expenditures	\$940 Billion	Taxpayers
Medicaid Qualification to 133% of FPL		Taxpayers
Insurance Subsidies to 400% of FPL		Taxpayers
Regulations of Tax-Exempt Providers		Providers
Insurance Mandates for Individuals		Taxpayers
Insurance Mandates for Businesses > 50 FTEs		Taxpayers
Taxes on Individuals and Businesses		Taxpayers
<b>Decreases</b>		
Medicare Reimbursement - Productivity Adjustments	\$113 Billion	Providers
Medicare/Medicaid Reimbursement – DSH	\$37 Billion	Providers
Medicare Reimbursement – Payment System Reform	\$14 Billion	Providers
Medicare Reimbursement – Indep. Pymt. Adv. Board	\$9 Billion	Providers

Source: 1) HFMA Analysis: Healthcare Reform Legislation March 2010; 2) Exaltant research

In addition to the high-level provisions summarized above, the healthcare reform legislation requires and/or “encourages” significant changes to health insurance products, regulates insurance company operating results, levies new penalties and reporting, encourages new healthcare delivery systems, changes businesses’ employee benefit structures, changes the tax code, provides for new public insurance exchanges and introduces other regulatory compliance issues and reporting. *What is in the details? How will this change the healthcare industry? How do healthcare organizations prepare for this change?* These questions will be analyzed and addressed throughout Exaltant’s Healthcare Reform Series, which will be incrementally rolled-out over the next couple of months.

In short, significant patient populations will be eligible to move into Medicaid and government subsidized insurance and many others will need to navigate the new insurance exchanges. Patient populations will continue to be uninsured however, as businesses and individuals make the decision that paying the penalty is cheaper than purchasing health insurance. New group and individual insurance products will be developed and rolled-out to the marketplace. Employers will re-package their employee health benefits plans. Pharmaceutical manufacturers and healthcare insurance companies will be hit with significant government fees. Medicare and Medicaid reimbursement rates will decrease for both providers and insurers. Non-profit organizations will have to devote additional resources to defending tax-exempt status. Yes, there is much, much more.

Healthcare organizations should immediately start analyzing the Healthcare Reform implications on their business and develop strategies to adapt their organization. ***Exaltant can help you determine the impacts of healthcare reform and develop strategies to prepare.***

In upcoming volumes of Exaltant’s Healthcare Reform Series, we will analyze; healthcare provider compliance issues, healthcare insurer compliance issues, new reimbursement mechanisms, the impact on health insurance premiums, health insurance coverage changes to the population, the impacts to healthcare provider organizations and how they should prepare and the impacts to healthcare insurer organizations and how they should prepare as a result of healthcare reform. Stay tuned!

## About Exaltant

Exaltant exists to help you succeed in improving the business performance of your healthcare organization. Our professionals have a wide range of experience across business operations of the healthcare continuum, which brings you targeted expertise to achieve your goals. We provide our experience to help *you* implement successful initiatives. Exaltant provides over twenty years of healthcare consulting experience to help analyze business issues, build strategies, design tactical plans and implement successful initiatives in the following areas:

- Strategy
- Business Operations
- Financial Analysis
- Regulatory Compliance
- Project Management
- Interim Management