



Fact Sheet

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Senate Democrats Are On Your Side Implementing Health Reform that Works for Middle-Class Americans

Earlier this year, Congress passed and the President signed landmark health insurance reform legislation, the *Patient Protection and Affordable Care Act* (**P.L. 111-148**) and the *Health Care and Education Reconciliation Act* (**P.L. 111-152**), and Americans are already experiencing the benefits. These two laws, together referred to as the *Affordable Care Act*, put control over health care decisions in the hands of the American people, not insurance companies. Senate Democrats are committed to implementing health reform that holds insurance companies accountable, brings costs down for everyone, and provides Americans with the insurance security and choices they deserve. This fact sheet provides an overview of recent health reform implementation activity. Previous updates on health reform implementation and other information are available from the DPC. [\[DPC\]](#)

Filling In the “Donut Hole,” Reducing Drug Costs for Seniors

One of the most valuable benefits of the *Affordable Care Act* for Medicare beneficiaries is closing the prescription drug “donut hole.” [\[P.L. 111-148; P.L. 111-152\]](#) The new health reform law provides a \$250 rebate check to seniors who don’t receive extra help with their prescription drug costs when they hit the “donut hole” in their prescription drug plan this year. Beginning next year, Medicare beneficiaries who do not receive Medicare Extra Help will receive a 50 percent discount on brand-name drugs and biologics they purchase when they are in the coverage gap. Coverage in the “donut hole” will increase until 2020, when 75 percent coverage on all drugs purchased in the gap will completely fill in the “donut hole.”

Experts find that more than one-quarter of beneficiaries who do not receive Medicare Extra Help reach the “donut hole” each year, during which time they must pay all of their drug costs while continuing to pay their Part D plan premium. [Kaiser Family Foundation, [8/08](#)] On June 10, 2010, the first checks were mailed to beneficiaries who had already reached the “donut hole.” [White House, [6/8/10](#)] Earlier this month, the third round of checks was mailed to Medicare beneficiaries, and more than 750,000 Medicare beneficiaries have received checks this year, with more checks ready to be sent to beneficiaries when they enter the coverage gap. [HHS, [8/10/10](#)]

Improving Access to Care

The *Affordable Care Act* creates an expanded and sustained national investment in community health centers by investing \$11 billion over five years in these critical health care providers. [\[P.L. 111-148; P.L. 111-152\]](#) The country’s 1,250 community health centers provide quality health care to 20 million Americans without regard to a patient’s income or health insurance coverage. [National Association of

Community Health Centers, accessed [8/23/10](#)] By providing primary care and focusing on preventive services, health centers estimate they save our health care system \$9.9 billion - \$17.6 billion each year.

The \$11 billion investment in community health centers made by the *Affordable Care Act* includes \$1.5 billion for construction and renovation of existing health centers and \$9.5 billion for the creation of new centers in medically underserved areas and to expand services at existing centers. Earlier this month, the Administration announced the availability of \$250 million in grant funding to establish approximately 350 new community health center sites in fiscal year 2011, which begins October 1, 2010. [HHS, [8/9/10](#); HealthCare.gov, accessed [8/23/10](#)] A fact sheet is available at [HealthCare.gov](#), and grant application information is available at [Grants.gov](#) (CFDA 93.527).

Keeping Premium Costs Down and Holding Insurers Accountable

The *Affordable Care Act* provides resources to states to keep health insurance premium costs down and to ensure that any premium increases requested by insurance companies are justified. Today, the average employer-sponsored family health insurance premium is \$13,375 – more than 130 percent higher than the cost of the same coverage just ten years. [Kaiser Family Foundation and Health Research & Education Trust, [9/15/09](#)] Health insurance costs have risen much faster than wages or inflation over the past decade.

Between now and 2014, the *Affordable Care Act* provides \$250 million to states in the form of Health Insurance Premium Review Grants to help states review any proposed premium increases and to hold insurance companies accountable for premium increases that are not justified. [[P.L. 111-148](#); [P.L. 111-152](#)] Earlier this month, the Administration announced that 45 states and the District of Columbia will receive \$1 million each to begin this work. [HHS, [8/16/10](#)] Every state that applied for funding in this first round of grants received it. [HealthCare.gov, accessed [8/23/10](#)] Information about how each state will use this funding is available at [HealthCare.gov](#).

Ensuring Value for Premium Payments

The *Affordable Care Act* establishes standards for insurance overhead and requires public disclosure to ensure that enrollees get value for their premium dollars, requiring plans in the individual and small group market to spend 80 percent of premium dollars on clinical services and quality activities, and 85 percent for plans in the large group market. [[P.L. 111-148](#); [P.L. 111-152](#)] Starting January 1, 2011, health insurance plans that do not meet these thresholds, called medical loss ratios by the insurance industry, will provide rebates to their policyholders. The *Affordable Care Act* directs the Secretary of Health and Human Services (HHS) to consult with the National Association of Insurance Commissioners (NAIC) in establishing uniform definitions of clinical services and quality activities.

Earlier this month, the NAIC Executive Committee/Plenary unanimously approved a medical loss ratio proposal. [NAIC, [8/17/10](#); Politico, [8/17/10](#)] The NAIC moved forward with a proposed “blank,” the actual form used by insurance companies to submit financial information to state insurance regulators. The Department of Health and Human Services is preparing to issue a series of regulations, building on NAIC’s work as it implements the medical loss ratio policy. [HealthCare.gov, [8/17/10](#)]

Protecting Consumers and Putting Patients Back in Charge

The *Affordable Care Act* protects consumers by ending some of the worst health insurance industry abuses. One way the *Affordable Care Act* protects consumers and puts patients back in charge of their health care is by requiring insurance companies to implement effective internal and external appeals

processes. [P.L. 111-148; P.L. 111-152] Specifically, the *Affordable Care Act* requires new insurance plans, with plan or policy years beginning on or after September 23, 2010, to implement an effective internal appeals process of coverage determinations and claims and to comply with any applicable State external review process. Regulations issued earlier this year by the Departments of Health and Human Services, Labor, and Treasury standardized internal and external review processes, so that no matter what state consumers live in, they will have access to clearly defined and impartial appeals that ensure necessary health care is covered by their plan. [Federal Register, 7/22/10] Previously released regulations included a transition period for states that already have an external review process which, at a minimum, meets consumer protection standards established in the regulation. New guidance released by the Administration this month states that consumers who already have access to some form of external appeal will continue to have access to their state-based external appeals system, while consumers in new individual and small group plans who don't already have access to an external appeals system in their state will have access to a new external review process. [Federal Register, 8/23/10] The Administration estimates that next year, approximately 31 million people in new employer plans and 10 million people in new individual plans will benefit from these new appeals protections, and that 88 million Americans will benefit by 2013. [HealthCare.gov, 7/22/10]

Providing Easier Access to Nutrition Information

To provide consumers the information they need to make nutritional choices for themselves and their families, the *Affordable Care Act* requires restaurants with 20 or more locations to disclose calories on the menu board and to provide additional information in a written form, available to customers upon request, regarding total calories and calories from fat, as well as amounts of fat, saturated fat, cholesterol, sodium, and other nutrition information.

On July 7, 2010, the Food and Drug Administration (FDA) began soliciting public comments regarding implementation of this new requirement. [FDA, 7/7/10; Federal Register, 7/7/10] On July 21, 2010, FDA issued a notice with information on how restaurants, retail food establishments and vending machine operators that are not subject to the new menu labeling requirements could elect to follow the requirements. [Federal Register, 7/23/10] Earlier this month, FDA continued its work to implement this key provision of the *Affordable Care Act*, issuing two guidance documents to help chain restaurants comply with nutrition labeling requirements. [FDA, 8/24/10] A final guidance document explains the effect of the new federal requirements on existing state and local laws, while a draft guidance document, which is open for comment, describes implementation of certain provisions, including the industry's potential need for more information and time to comply with new requirements. [Federal Register, 8/25/10; 8/25/10]

How Health Reform Helps Your State

Earlier this month, the White House released updated fact sheets on the benefits of the *Affordable Care Act* in each state and the District of Columbia. [The White House, accessed 8/23/10] Similar fact sheets are also available from the DPC. [DPC, 6/22/10]

Additional Information

The Democratic Policy Committee has released nine previous updates on health reform implementation, available on the DPC website [here](#). In addition, DPC maintains a centralized listing of health reform implementation resources which is frequently updated and is available [here](#).