



## CLOSE-UP: PPACA Provisions for 2012

April 4, 2011

Here is an overview of some of the PPACA provisions that will become effective in 2012. There are other provisions that affect Medicare, which we will discuss in a future Close-up.

### Annual fees on pharmaceutical industry manufacturers and importers

**What is it?** A \$2.3 billion annual excise tax on the pharmaceutical manufacturing industry. The tax is allocated across covered entities that engage in the manufacture and importing of branded prescription drugs. The amount that each entity must pay is based on its share of the preceding calendar year's total branded prescription drug market sales.

**Who does it impact?** Pharmaceutical manufacturers and importers.

**When does it take effect?** January 1, 2012

### Data collection

**What is it?** The law requires that the Secretary of the Department of Health and Human Services ensures that all federally conducted or supported health care and public health programs, activities and surveys collect and report data on race, ethnicity, sex, primary language and disability status of their applicants. This information will be used to generate statistically reliable estimates of racial, ethnic, sex, primary language and disability status subgroups. Furthermore, the law specifically requires that where such data collection activities involve racial and ethnic minority groups, additional information should also be collected regarding underserved rural and frontier populations.

**Who does it impact?** The Secretary of the Department of Health and Human Services and anyone submitting this type of information to the federal government.

**When does it take effect?** March 23, 2012

### Summary of benefits and coverage explanation

**What is it?** A requirement that group health plans and health issuers provide applicants, enrollees and policyholders or certificate holders with a uniform summary explanation of their benefits and coverage. The uniform summary explanation must be provided to applicants when they apply, to enrollees prior to enrollment or re-enrollment, and to policyholders or certificate holders when policies are issued or certificates are delivered.

**Who does it impact?** Group health plans and health issuers.

**When does it take effect?** March 23, 2012

### Patient-Centered Outcomes Research Trust Fund Fees

**What is it?** A fee that insurance plans and sponsors of self-insured plans must pay on a per-policyholder or per enrollee basis to fund the Patient-Centered Outcomes Research Trust Fund. The Fund supports comparative clinical effectiveness research activities. These efforts will initially be funded through federal appropriations. Starting in 2012, fees will be imposed on health insurance policies and self-insured health plans for policy or plan years ending after September 30, 2012. For policy and plan years ending during fiscal year 2013, the fee will be equal to \$1 per individual covered under the policy or plan. For the remaining fiscal years, the fee increases to \$2 for each covered individual or enrollee.

**Who does it impact?** Insurance plans and sponsors of self-insured health plans.

**When does it take effect?** September 30, 2012

## Accountable care organizations in Medicare

**What is it?** A group of providers that under the Act work together to coordinate and manage care received by Medicare beneficiaries. ACOs that meet quality performance standards defined by the HHS Secretary, help eliminate unnecessary tests and medical procedures and encourage greater focus on preventive care may share in the cost savings they achieve for the Medicare program.

**Who does it impact?** Doctors, hospitals and other providers

**When does it take effect?** January 1, 2012

## Medicare Advantage plan payments

**What is it?** A provision that reduces certain payments paid to Medicare Advantage plans and provides bonus payments to high quality plans.

**Who does it impact?** Plan insurers

**When does it take effect?** January 1, 2012

## Medicare “Independence at Home” Demonstration

**What is it?** A provision of the Act that authorizes the HHS Secretary to conduct a demonstration project to test whether certain payment incentives and service models can be effectively used to deliver primary care services to high-need Medicare beneficiaries in their homes.

**Who does it impact?** Medicare beneficiaries

**When does it take effect?** January 1, 2012

## Medicare provider payment changes

**What is it?** By including a productivity adjustment to market basket updates for certain Medicare providers, these provisions of the Act should result in lower reimbursement rates than otherwise would have been paid.

**Who does it impact?** Certain Medicare providers

**When does it take effect?** Begins in various years depending upon provider type

## Medicare value-based purchasing

**What is it?** Provisions of the Act that require that the HHS Secretary establish a hospital value-based purchasing program in Medicare to pay hospitals based on performance standards and to require development of plans to implement value-based purchasing programs for skilled nursing facilities, home health agencies and ambulatory surgical centers.

**Who does it impact?** Hospitals, skilled nursing facilities, home health agencies and ambulatory surgical centers.

**When does it take effect?** Program involving hospitals begins in fiscal year 2013 but applies to discharges occurring on or after October 1, 2012

## Reduced Medicare payments for hospital readmissions

**What is it?** A reduction in Medicare payments that would otherwise be made to hospitals to account for excess, preventable hospital readmissions.

**Who does it impact?** Hospitals.

**When does it take effect?** October 1, 2012

## Fraud and abuse prevention

**What is it?** Procedures for screening, oversight and reporting for providers and suppliers that participate in Medicare, Medicaid and CHIP to prevent fraud and abuse. Significantly enhances the government’s enforcement authority and resources, establishes new and increased penalties for fraud and abuse violations, and imposes new compliance and disclosure obligations on health care providers and industry.

**Who does it impact?** Certain providers and suppliers

**When does it take effect?** January 1, 2012

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Please note that information contained in this Close-Up is based on our understanding of the Patient Protection and Affordable Care Act of 2010, as amended, and guidance as of the date of this publication.