

## **2013 Implementation Timeline for Affordable Care Act**

### **State Notification Regarding Exchanges**

States indicate to the Secretary of HHS whether they will operate an American Health Benefit Exchange.

**Implementation:** January 1, 2013

**Implementation update:** On May 16, 2012, HHS issued a [Blueprint](#) that states must submit to HHS by November 16, 2012 if they wish to operate a state-based exchange or a Partnership exchange. On November 15, 2012, the Obama administration extended the deadline for submitting a state-based exchange blueprint to December 14, 2012.

### **Closing the Medicare Drug Coverage Gap**

Begins phasing-in federal subsidies for brand-name prescriptions filled in the Medicare Part D coverage gap (reducing coinsurance from 100% in 2010 to 25% in 2020, in addition to the 50% manufacturer brand-name discount).

**Implementation:** January 1, 2013

### **Medicare Bundled Payment Pilot Program**

Establishes a national Medicare pilot program to develop and evaluate making bundled payments for acute, inpatient hospital services, physician services, outpatient hospital services, and post-acute care services for an episode of care.

**Implementation:** January 1, 2013

**Implementation Update:** On August 24, 2011, CMS issued a [notice](#) explaining how the pilot program would work.

### **Medicaid Coverage of Preventive Services**

Provides a one percentage point increase in federal matching payments for preventive services in Medicaid for states that offer Medicaid coverage with no patient cost sharing for services recommended (rated A or B) by the U.S. Preventive Services Task Force and recommended immunizations.

**Implementation:** January 1, 2013

### **Medicaid Payments for Primary Care**

Increases Medicaid payments for primary care services provided by primary care doctors to 100% of the Medicare payment rate for 2013 and 2014 (financed with 100% federal funding).

**Implementation:** January 1, 2013 through December 31, 2014

**Implementation Update:** On May 9, 2012, CMS issued a [proposed rule](#) for this provision. According to a CMS [release](#), states are expected to receive more than \$11 billion in new funds for their Medicaid primary care systems.

### **Itemized Deductions for Medical Expenses**

Increases the threshold for the itemized deduction for unreimbursed medical expenses from 7.5% of adjusted gross income to 10% of adjusted gross income; waives the increase for individuals age 65 and older for tax years 2013 through 2016.

**Implementation:** January 1, 2013

### **Flexible Spending Account Limits**

Limits the amount of contributions to a flexible spending account for medical expenses to \$2,500 per year, increased annually by the cost of living adjustment.

**Implementation:** January 1, 2013

### **Medicare Tax Increase**

Increases the Medicare Part A (hospital insurance) tax rate on wages by 0.9% (from 1.45% to 2.35%) on earnings over \$200,000 for individual taxpayers and \$250,000 for married couples filing jointly and imposes a 3.8% assessment on unearned income for higher-income taxpayers.

**Implementation:** January 1, 2013

### **Employer Retiree Coverage Subsidy**

Eliminates the tax-deduction for employers who receive Medicare Part D retiree drug subsidy payments.

**Implementation:** January 1, 2013

### **Tax on Medical Devices**

Imposes an excise tax of 2.3% on the sale of any taxable medical device.

**Implementation:** January 1, 2013

**Implementation update:** On February 7, 2012, the IRS issued a [proposed rule](#) providing guidance on the tax that will be imposed on medical devices.

### **Financial Disclosure**

Requires disclosure of financial relationships between health entities, including physicians, hospitals, pharmacists, other providers, and manufacturers and distributors of covered drugs, devices, biologicals, and medical supplies.

**Implementation:** Report to Congress due April 1, 2013

## **CO-OP Health Insurance Plans**

Creates the Consumer Operated and Oriented Plan (CO-OP) to foster the creation of non-profit, member-run health insurance companies.

**Implementation:** CO-OPs established by July 1, 2013

**Implementation update:** On March 14, 2011, the Department of Health and Human Services (HHS) issued a [report](#) on the Consumer Operated and Oriented Plan Program. The report included recommendations by the CO-OP Advisory Board on governance, finance, infrastructure, and compliance. On July 18, 2011, HHS published a [proposed rule](#) that would implement the CO-OP program. On December 13, 2011, HHS issued a [final rule](#). On February 21, 2012, HHS [announced](#) that "seven non-profits offering coverage in eight states have been awarded \$638,677,300."

## **Extension of CHIP**

Extends authorization and funding for the Children's Health Insurance Program (CHIP) through 2015 (current authorization is through 2013).

**Implementation:** Fiscal year 2013

## **Medicare Disproportionate Share Hospital Payments**

Reduces Medicare Disproportionate Share Hospital (DSH) payments initially by 75% and subsequently increases payments based on the percent of the population uninsured and the amount of uncompensated care provided.

**Implementation:** October 1, 2013

## **Medicaid Disproportionate Share Hospital Payments**

Reduces states' Medicaid Disproportionate Share Hospital (DSH) allotments and requires the Secretary to develop a methodology for distributing the DSH reductions. **Implementation:** October 1, 2013