



HEALTH SYSTEM REFORM INSIGHT

April 1, 2010

The Patient Protection and Affordable Care Act—health system reform legislation signed into law by President Obama on March 23—contains a number of key provisions for you and your patients. Some provisions may have an immediate impact on your practice and patients, while others will not take effect for some time.

Given the new direction for the nation's health system, the AMA has developed Health System Reform Insight to help you understand the new law and how it will affect you, when certain provisions are scheduled to take effect, how you can be ready when the regulations go into effect and what your patients need to know. Throughout the series, we have explained [how health system reform will affect physician practices](#) and [your patients](#) (PDF). Today's issue contains a recap of last night's online question-and-answer session, hosted by the Department of Health and Human Services, on the new health reform law. If you missed it, view the [archived webinar](#), or view some of the [questions and answers](#) from last night's session.

What happened during last night's HHS webcast on health reform?

Last night, the administration convened the first in a series of live webcasts open to the public to answer questions people have been asking about the impact of the new health reform law. In a concise 30-minute program, Health and Human Services (HHS) Secretary Kathleen Sebelius and Small Business Administration Administrator Karen Mills answered 15 questions that had been submitted prior to the webcast.

Small businesses

Most medical practices are small businesses, and a major focus of the webcast was the law's impact on small businesses. Administrator Mills said that access to affordable health insurance for their employees has been the number one concern of small business owners since at least 1986. On average, small businesses pay 18 percent higher premiums for their employees' policies than do larger businesses. Many small businesses cannot find a quote for a policy that they can afford. Beginning this year, two-thirds of small businesses will be eligible for tax credits to help with the cost of providing health insurance to their employees. Businesses with 50 or fewer employees that meet wage guidelines and other criteria will be eligible for the tax credits. The AMA is working with administration officials to further determine the scope of the small business tax credit so that we can more specifically advise you regarding whether and how the tax credit may apply to physician medical practices.

Also this year, help will be available for companies that provide health insurance to their retirees.

Employer mandate

In response to a question about whether the new law *requires* employers to provide health insurance, Secretary Sebelius and Administrator Mills answered that there is *no employer mandate*. For businesses with 50 or fewer employees, there is no requirement at all. Businesses with more than 50 employees will need to reimburse the government for subsidies provided to their employees who use the exchange to purchase health insurance. This "employer responsibility" provision is expected to affect 10,000 small businesses, which is just a small fraction of all of the country's small businesses.

Individual mandate

Another question focused on the individual mandate and asked Secretary Sebelius to explain why it is a good thing. She explained that health insurance is about balancing risks and that there needs to be some healthy people in the pool in order to spread the risk and provide stability and security to the insured population. She also said that everyone's health insurance premiums cost \$1,000 more because of the cost of the uninsured.

Administrator Mills noted that the increased numbers of people with health insurance would also lower premiums for small businesses. The reason small businesses pay 18 percent extra is because they are small and cannot spread the risk, and they often face double-digit annual increases on top of having high quotes to buy health insurance.

Self-employed

A question was also asked about those who are self-employed and whether they will be treated as small businesses or as individuals. The answer indicated that a self-employed individual can qualify for the exchange and obtain their health care coverage as an individual.

The AMA will continue to inform physicians about future HHS webcasts on health reform and relay answers to questions of interest to the physician community.

The webcast will be archived at www.healthreform.gov for those who did not have an opportunity to view it live. In addition to broadcasting future webcasts, the administration also indicated that answers to questions will be posted to its Web site everyday. View the [latest answers](#) to questions being asked.
