

Overview of the Health Care Reform Bill

- Signed by President Obama on March 23, 2010 and passed by the House on March 21, 2010.
- Extends coverage to 32 Million uninsured Americans by 2019.
- Creates State based Exchanges which will allow pooling.
- Simplifies administration requirements
- Creates Test model for reforming the Healthcare delivery system.

Overview of the Health Care Reform Bill

- Several Coverage Changes:
 - No lifetime limits on coverage
 - No exclusion based on pre-existing conditions
 - No discrimination based on health status.
 - No annual limits and coverage of preventive services
 - No cancellation of coverage when someone becomes ill.

Overview of the Health Care Reform Bill

- Annual wellness visits
- Creates a 12.9 Billion prevention and public health fund, a new public health council, an education/outreach campaign.
- Incentive payments for Primary care physicians
- Ends rescissions (denial of benefits post coverage)

Potential positive effects on Medical Malpractice Liability

- May increase the focus on positive outcomes resulting in more quality control and risk management.
- In the long term, the increase in primary care physicians may improve the gate keeping process resulting in a decrease in error rates.
- Decreased record keeping may allow Doctors to spend more time with patients thus improving their relationships.
- May increase coordination of care in order to provide a more seamless process along the continuum of care resulting in better communication between Doctors and Facilities.
- No lifetime caps on health insurance may generate a more secure feeling from potential claimants.

Potential Negative effects on Medical Malpractice Liability

- Increased bureaucracy may lead to increased administrative burdens on providers.
- In the short term, the strain on primary care Physicians availability may increase the chance of medical error.
- Efforts to decrease “over-testing” of patients could inadvertently increase error rates.
- Expansion of “never events” leading to potential strict liability (expand on this, possibly a separate slide)
- Possible future pre-emption of state medical Malpractice tort reform laws with a weaker less effective Federal law.
- Possible future establishment of additional regulation of Medical malpractice insurers.

Other potential factors affecting Medical Malpractice Liability

- **Favorable:**

- Hospital loss prevention activities?
- Plaintiff attorney case selection?
- Jury member attitudes?

- **Unfavorable:**

- Erosion of tort reforms?

Questions?

- It is my understanding that a cost savings "component" of the healthcare reform bill will result in a \$132 billion reduction in government payments to the Medicare Advantage plans (over the next decade). It would seem to me that, if these cost cuts result in unfavorable terms and premium increases on policies, then these plans may become less attractive to insureds. If, however, carriers are limited in their ability to increase rates or change terms, then these plans may become less attractive to carriers. What do you see as any favorable and/or adverse effects of these cost cuts?
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- You mentioned the State based / non-profit Exchanges, which will be created as a result of the bill. I believe that the primary target audience for the exchanges are lower income families and small businesses, and that they will offer competitively priced products. The first part of my question is; it seems as though some controls / regulations will need to be enacted so that the exchanges do not suffer from adverse selection. What might these controls / regulations look like and how might they effect the private market? And the second part of my question is; how do you think that the exchanges will impact the competitive make-up of the current private / for-profit market?

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