

Legislative Brief

How Will the 2010 Elections Affect Health Care Reform?



The 2010 Mid-Term Elections

The recent elections, held on November 2, 2010, are bringing big changes to Washington. Results of a few races are still to be finalized in the days after the elections, but it is already clear that we are looking at a new political landscape.

Republicans have taken control of the House of Representatives, gaining at least 60 seats there. These wins give the party the largest House majority it has had since the 1940s. However, Democrats are set to maintain a slim majority in the Senate.

Potential Health Care Reform Changes

Many Republican candidates included promises regarding health care reform in their campaigns. These promises ranged from making changes to the law to outright repeal. However, employers and plan sponsors should keep in mind that such changes will not be automatic or immediate. Any changes to health care reform will have to go through the same legislative process that the initial reform package endured.

Current House Minority Leader John Boehner (R-Ohio) is expected by many to become Speaker of the House. In the wake of the elections, Rep. Boehner has indicated that Republicans would move slowly with changes to "lay the groundwork before we begin to repeal" health care reform.

With a divided Congress, any efforts to completely repeal the legislation will face obstacles. Even if a full repeal could make it through the Senate, President Obama could still veto any repeal legislation. Because of that probability, some Republicans have indicated that they would try to repeal the health care law "piece by piece," using strategies like blocking funding or regulations. Other Republicans have also said they may try to replace, rather than repeal, parts of the law.

Provisions of the law that are likely to be targeted for revision or repeal include:

- The requirement for businesses to report payments in excess of \$600 on a Form 1099;
- The employer responsibility provisions, which provide that employers can face penalties for not providing a certain level of health coverage to employees;
- The individual responsibility requirement, which imposes penalties on individuals who do not obtain coverage;
- The Cadillac Plan tax on high-cost, employer-sponsored health plans;
- The tax on manufacturers of medical devices; and
- Cuts to Medicare.

Republicans have also suggested changes to the planned health insurance exchanges, which will take effect in 2014, to give states more power in designing the exchanges. However, members of the GOP have also said that they may want to keep some of the law's provisions that are popular with consumers. Some experts have warned that keeping some parts of the law while repealing others may not be practical.

Democrats are standing behind the health care package and some exit polls show that the public is split on whether health care reform should be repealed. However, party leaders, such as President Obama and Senate Majority Leader Harry Reid (D-Nevada) have indicated a willingness to revise some portions of the law, especially if changes will bring faster and more effective reform to the health care system.

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What's Next?

Despite all these changes, and potential future changes, the health care reform law as we know it is the law. Employers and health plan sponsors should make sure they are implementing the requirements as they become effective. If any changes are made to parts of the law that have already taken effect, there will likely be time for employers and plan sponsors to put changes into place.

Denman Consulting Services, Inc. will continue to update you if additional information becomes available with respect to this requirement.

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