

# **The Instant Insurance Guide: Federal Health Care Reform**



From  
**Karen Weldin Stewart, CIR-ML**

Delaware Insurance Commissioner

1-800-282-8611

[www.delawareinsurance.gov](http://www.delawareinsurance.gov)

# A Message From The Delaware Department of Insurance

Dealing with health insurance and health insurance companies can be complicated and very confusing. With the enactment of Patient Protection and Affordable Care Act (PPACA) there will be many changes to both State and Federal laws which will impact you and your health insurance coverage.

The Department of Insurance Consumer Services staff is trained and experienced in dealing with health insurance problems. Whether it's a simple question or a tough situation where someone is being denied medical treatment, we will do everything we can to help you understand your options and will contact the insurance company on your behalf if necessary.

Please contact us if you need help. We know that someone's health is often on the line.

## The basics

With the passing of PPACA, health insurance changes will be delivered in different stages. Below is a general outline of these time frames. Many of these changes will not occur until the renewal of your policy instead of the effective dates listed below. However, some of these changes may not apply if your health plan is a "grandfathered plan". If you are currently enrolled in a health plan, the plan may apply to become "grandfathered" so you can keep the same level of care you already have. However, if you change carriers or change your existing coverage you may lose this status. We encourage you to read further for the specific ways these changes can affect your health insurance plan.

## 2010

### People with health insurance

- Insurers may not cancel your coverage when you get sick, except in cases of fraud. (effective September 23, 2010)
- Insurers may not impose lifetime coverage limits and, until 2014, may only set benefit-specific annual limits for essential health benefits. (effective September 23, 2010) \*Annual limits do not apply to grandfathered individual plans.
- Insurers must cover specified preventive services with no co-payments or deductibles. (effective September 23, 2010) \*Does not apply to grandfathered plans.

### Children

- Children who don't get health care coverage from their employers may stay on their parents' plans until age 26. If you are in a group policy, your employer policy may wait to reinstate this coverage when your plan renews. (effective September 23, 2010)
- Insurers may not deny coverage to a dependent child under age 19 because of preexisting conditions. The same will be true for adults and dependent children age

19 and older beginning in 2014. (effective September 23, 2010) \*Does not apply to grandfathered individual plans.

### **Uninsured**

- Individuals who have been without coverage for at least six months and who have a preexisting condition may obtain coverage through a high-risk health insurance pool to be run by Federal government. The risk pool is temporary until exchanges become effective in 2014. (effective July 2010)

### **Small Businesses**

- Businesses with 25 or fewer full-time employees that pay for at least 50 percent of premiums and pay average annual wages below \$50,000 may be eligible for a tax credit of up to 35 percent (25 percent for nonprofits) of the premiums the business pays. The credits increase in 2014. (began January 1, 2010)

### **Medicare Beneficiaries**

- Eligible beneficiaries with Part D coverage who enter the "donut hole" in 2010 can receive a one-time \$250 rebate to pay for prescription drugs that were purchased while in the donut hole. The rebate will be less for individuals earning more than \$85,000 per year and for couples earning more than \$170,000. The donut hole is the period of time during which some Medicare prescription drug plans won't contribute anything toward your prescription costs. (began January 1, 2010)

## **2011**

### **Insurance Companies**

- For small group and individual plans, insurers must spend at least 80 percent of revenue from premiums on medical services and programs directly related to improving health care quality. The amount increases to 85 percent for large group plans. Insurers that fail to meet the minimum payment requirements must provide refunds to enrollees.

### **Medicare Beneficiaries**

- Seniors with Part D coverage in the donut hole will begin receiving a 50 percent discount on brand-name drugs.
- Co-payments and deductibles for preventive services will be eliminated.

## **2013**

### **Wealthier Individuals and Families**

- For individuals earning more than \$200,000 per year and couples earning more than \$250,000 per year, Medicare payroll taxes will increase.

## **2014**

### **Uninsured**

- Health care coverage will be required for U.S. citizens and legal residents. The tax penalty will be \$95 or 1 percent of taxable income in 2014; \$326 or 2 percent of taxable income in 2015; \$695 or 2.5 percent of taxable income in 2016; and adjusted according to income every year after. There are exceptions for religious objectors, those who can't afford coverage, individuals below the tax-filing threshold, and various others.
- States will create insurance marketplaces, known as "exchanges," for people and small businesses to buy coverage. U.S. citizens and legal residents who are not incarcerated would qualify to buy coverage in an exchange. States can expand their exchanges to provide coverage for large employers in 2017.
- Premium subsidies will be available for individuals and families with incomes between 133 percent (currently \$14,404 for individuals and \$29,326 for a family of four) and 400 percent (\$43,320 for individual or \$88,200 for a family) of the federal poverty level.
- States will be required to expand Medicaid to individuals under age 65 (children, pregnant women, parents, and adults without dependent children) who are up to 133 percent of the federal poverty level.

### **People with Health Insurance**

- Insurers must accept everyone who applies for coverage when they apply during a defined enrollment period.
- Insurers may not deny you coverage because of preexisting conditions. Similar provisions prohibiting insurers from denying coverage to children with preexisting conditions begin in 2010.
- Insurers can only base premiums on age, tobacco use, geographic area, and whether coverage is for an individual or a family.
- Insurers may not deny coverage because of a person's health status, medical condition, claims experience, medication history, genetic information, or disability.

### **Businesses**

- Large employers who don't offer employee health care coverage will pay \$2,000 for each full-time worker who receives a tax credit for health insurance through a state exchange.
- Tax credits for small employers increase to 50 percent (35 percent for nonprofits) of the health care premiums the business pays.
- Businesses with more than 200 employees must automatically enroll employees in a health insurance plan. Employees can opt out.

## **2020**

### **Medicare Beneficiaries with Part D Coverage**

- The donut hole is eliminated.

## **Federal Pre-Existing Condition Insurance Plan**

On July 1, 2010, eligible residents of Delaware will be able to apply for coverage through the Pre-Existing Condition Insurance Plan (PCIP) program run by the US Department of Health and Human Services.

Enrollment is through [www.pcip.gov](http://www.pcip.gov). The application is there.

Generally, a completed application received on or before the 15th of the month will go into effect on the first day of the next month. You may also call (866) 717-5826 (TTY: 866-561-1604), Monday through Friday, 8:00a – 11:00p EST.

### **To Qualify for Coverage:**

- You must be a citizen or national of the US or lawfully present in the US
- You must have been uninsured for at least the last six (6) months before you apply
- You must have a problem getting insurance due to a pre-existing condition. \*You will need to provide verification such as a letter of denial from an insurance company.

### **The Plan Will Cover a Broad Range of Health Benefits:**

- Primary and specialty care
- Hospital care
- Prescription drugs

Your premiums will not be higher because of your medical condition. Eligibility is not based on your income. All covered benefits are available for you, even if it's to treat a pre-existing condition. You will pay a deductible for covered benefits between \$1,000 and \$2,500 (except for preventative services) before the plan starts to pay. After the deductible, you will pay a \$25 co-payment for doctor visits, \$4 to \$80 for most prescription drugs, and 20% of the costs of any other covered benefits you get. Your out-of-pocket costs cannot be more than the \$5,950 per year. These costs may be higher, if you go outside the plan's network.

## **For More Information**

If you have additional questions or concerns you may want to call the Department of Insurance at (800) 282-8611 or visit the Department's website at [www.delawareinsurance.gov](http://www.delawareinsurance.gov)

You can also learn more at these websites:

[www.healthcare.gov](http://www.healthcare.gov)

[www.pcip.gov](http://www.pcip.gov)

[www.kaiserhealthnews.org](http://www.kaiserhealthnews.org)

**Glossary of Acronyms:**

ACA = Affordable Care Act

GEHA = Government Employees Health Association

PCIP = Pre-Existing Condition Insurance Plan

PPACA = Patient Protection and Affordable Care Act