



## FEDERAL HEALTH CARE REFORM: What You Need To Know

### HEALTH CARE REFORM ACT: WHO WILL SEE CHANGES AND WHEN

#### 2010

##### People with health insurance

- Insurers may not arbitrarily 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 restricted annual limits for essential health benefits. *(effective September 23, 2010)*
- Insurers must cover preventive services with no co-payments or deductibles. *(effective September 23, 2010)*

##### Children

- Children who don't get health care coverage from their employers may stay on their parents' plans until age 26. *(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)*

##### 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)*

##### Uninsured

- Individuals who have been without coverage for at least six months and who have pre-existing conditions may obtain coverage through a high-risk health insurance pool to be run by the state or a nonprofit. The risk pools are temporary until exchanges become effective in 2014. *(effective July 2010)*
- A website will be available by July 1 to help consumers shop for coverage.

## **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)*

## **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 (\$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. There is an option for states to expand Medicaid in 2011.

### **People with health insurance**

- 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 must accept everyone who applies for coverage when they apply during a defined enrollment period.
- 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.

For more information, go to: <http://www.healthreform.gov>