



HEALTH CARE REFORM

Timetable



Immediate Changes

- **Small Business Tax Credits.** Small businesses will be eligible for new tax credits to offset their premium costs. Businesses with fewer than 50 employees will get tax credits covering 35 percent of their health care premiums, increasing to 50 percent by 2014.

Medicare

- **Rebates for Medicare Part D Enrollees in the “Coverage Gap.”** Beneficiaries will get a \$250 rebate to help fill the “coverage gap” in Medicare prescription drug coverage, which falls between \$2,830 initial limit and when catastrophic coverage kicks in at \$4,550 in out-of-pocket costs. The check is issued once a beneficiary reaches the coverage gap.

Changes effective 6/1/2010:

- **High Risk Insurance Pool.** Health and Human Services (HHS) will create a temporary high-risk health insurance pool to cover those with pre-existing conditions who have had no creditable coverage for at least 6 months.
- **Employer Early Retiree Health Benefits Reinsurance.** Starting in June, a temporary reinsurance program will help offset costs of coverage for companies that provide early retiree health benefits for those ages 55 to 64.
- **Web Portals Will be Established.** Health insurers will begin reporting specific required information to HHS for inclusion in the Web Portal.

Changes effective 9/23/2010:

- **Young Adults on Parents’ Health Plans.** Young adults will be able to stay on or come on to their parents’ health plans until their 26th birthday. Lovelace Health Plan implemented this provision on 6/1/2010.
- **Prohibition on Pre-existing Condition Exclusions for Children.** Families with children under the age of 19 who have pre-existing medical conditions can no longer be turned down for coverage by an insurance company or have their child’s condition excluded from their health benefits.
- **Prohibition Against Rescissions.** Health insurance plans are prohibited from rescinding coverage once an enrollee is covered under a plan to avoid paying medical bills when a person becomes ill, except in the case of fraud and in intentional misrepresentation.
- **Prohibitions Against Lifetime on Essential Benefit Limits.** Health plans are prohibited from imposing lifetime limits on what their plans will pay in benefits.
- **Restricted Annual Limits on Essential Benefits.** Health plans are prohibited from imposing annual limits on essential benefits other than those established under federal

regulations.

- **Required Coverage of Recommended Preventive Care and Immunizations Without Cost-Sharing.** New plans must provide coverage for certain preventive services without co-pays or cost-sharing. All plans must comply by 2018.
- **Revised Claims Appeals and External Review Process.** Health plans will be required to amend their claims appeals and external review processes to add additional patient protection.
- **Coverage of Emergency Services.** In and Out-of-Network Emergency services must be covered without prior authorization and member cost-sharing must be the same for In and Out-of-Network Services.
- **Prohibition on Discrimination in Favor of Highly Paid Employees.** Health plans will be prohibited from offering plans that discriminate in favor of highly paid employees. Under this regulation, Management Carve-Out plans are prohibited.
- **Patient Protections Regarding PCP and OB/GYN Choice.** Women must be permitted to seek treatment from an OB/GYN without a primary care physician (PCP) referral. Health insurer which requires the selection of a PCP must permit:
 - An enrollee to select any PCP in the network, regardless of geography, and
 - Parents to select a pediatrician as their child's PCP.

Changes effective 2011:

- **Additional Tax for Health Savings Accounts.** Withdrawals from a Health Savings Account before age 65 for nonqualified medical expenses will increase from 10 percent to 20 percent. Additional tax for Archer medical savings account withdrawals not used for qualified medical expenses will increase from 15 percent to 20 percent.
- **Increase in Medicare Payroll Tax.** The Medicare payroll tax will increase from 1.45 percent to 2.35 percent for individuals earning more than \$200,000 and married filing jointly above \$250,000.
- **Standardizing the Definition of Qualified Medical Expenses.** Revises the definition of qualified medical expenses for HSAs, FSAs, and HRAs to the same definition used for the itemized deduction. Amounts paid for over-the-counter medicine with a prescription is an exception and still qualify as medical expenses.
- **Value of Employer Benefits Reported on W-2 Forms.** Employers must disclose value of health plans on W-2s.
- **Health Plan Medical Loss Ratio Reporting.** Requires health insurance issuers to submit annual reports to HHS Secretary showing percentage of premiums spent on clinical services and health care quality improvement activities.

Medicare

- **Required Coverage of Recommended Preventive Care for Medicare Beneficiaries Without Cost-Sharing.** Medicare will provide free annual wellness visits and personalized prevention plans. New plans will be required to cover preventive services

with no co-pay.

- **Discounts to Medicare Part D Enrollees in the Doughnut Hole.** A 50 percent discount will be provided on brand-name drugs for Prescription Drug Plan or Medicare Advantage enrollees once they reach the “coverage gap.” Additional discounts on brand-name and generic drugs will be phased in to completely close the “coverage gap” by 2020.

Medicaid

- **Home and Community-based services through Medicaid.** States can offer home- and community-based services to the disabled through Medicaid rather than institutional care beginning October 1.

Changes effective 2013:

- **Uniform Standards to Electronic Exchange of Health Information.** Health plans must implement uniform standards to electronic exchange of health information to reduce paperwork and administrative costs.
- **Limited Contributions to FSA.** Contributions to flexible savings accounts will be limited to \$2,500 per year, indexed by the Consumer Price Index in subsequent years.
- **Hospital Insurance Tax Increases.** The hospital insurance tax will increase 0.9 percentage points for those earning more than \$200,000 (\$250,000 for married filing jointly), and it includes net investment income.
- **Excise Tax Established.** A 2.9 percent excise tax on the first sale of medical devices will be established. Exempt are eyeglasses, contact lenses, hearing aids or other items for individual use.

Medicare

- **Employer Tax Deduction Eliminated.** Employers will lose the tax deduction for subsidizing prescription drug plans for Medicare and Part D-eligible retirees.

Changes effective 2014:

- **Individual Requirement to Have Health Insurance.** Citizens will be required to have acceptable coverage or pay a penalty of \$95 in 2014, \$325 in 2015, \$695 (or up to 2.5 percent of income) in 2016. Families will pay half the amount for children, up to a cap of \$2,250 per family.
- **State Insurance Exchanges.** Health insurance exchanges will open in each state to individuals and small employers to comparison shop for standardized health packages.
 - Workers who are exempt from individual responsibility for coverage but do not qualify for tax credits can take their employer contribution and join an exchange plan.
- **Shared Responsibility.** Employers with 50 or more employees must offer coverage to employees or pay a \$2,000 penalty per employee after their first 30 days if at least one of their employees receives a tax credit. Waiting periods before insurance takes effect is limited to 90 days. Employers who offer coverage but whose employees receive tax credits will pay \$3,000 for each worker receiving a tax credit.
- **Prohibition of Discrimination Based on Health Status.** Insurers can no longer refuse to

sell or renew policies because of an individual's health status.

- **Prohibition of Pre-existing Condition Exclusions.** Health plans can no longer exclude coverage for pre-existing conditions. Insurers cannot charge higher rates because of health status, gender or other factors.
- **Prohibitions Against Annual Benefit Limits.** Health plans will be prohibited from imposing annual limits on coverage.
- **Premium Credits.** Credits will be available through exchanges for those whose income is above Medicare eligibility and below 400 percent of poverty level who are not eligible for or offered other acceptable coverage.
- **Annual Health Insurance Provider Fee.** An annual health insurance provider fee will be imposed across the health insurance sector according to insurers' market share to companies whose total premiums exceed \$25 million.
- **Wellness Program Incentives.** Increased wellness program incentives.
- **Ensuring Coverage for Individuals Participating in Clinical Trials.** Prohibits group health plans, including self-insured plans, and individual market plans from dropping coverage because an individual chooses to participate in a clinical trial or from denying coverage for routine care that it would otherwise cover because an individual is enrolled in a clinical trial.
- **Limits on Waiting Periods.** Prohibits all group health plans from imposing waiting periods for coverage to go into effect of more than 90 days.
- **Increase in Small Business Tax Credit.** The Tax credit is increased to 50 percent of the employer premium contribution from 35 percent for plans purchased through the insurance exchanges for employers fewer than 50 employees.
- **Temporary Reinsurance Program Ends.**
- **Free Choice Vouchers.** Employers offering minimum essential coverage through an employer-sponsored plan and who pay a portion of such coverage must provide certain employees a free voucher.

Medicaid

- **Medicaid Expansion.** Medicaid eligibility will increase to 133 percent of poverty for all non-elderly individuals to ensure that people obtain affordable health care in the most efficient and appropriate manner. States will receive increased federal funding to cover new populations.

Changes effective 2018:

- **Excise Tax on High-Cost Employer-Provided Health Plans.** An excise tax will be imposed on "Cadillac", high-cost, employer-provided health plans beyond \$27,500 for family coverage and \$10,200 for single coverage; it will increase to \$30,950 for families and \$11,850 for individuals, retirees and employees in high-risk professions.